



DAWID KRUIPER MUNICIPALITY
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2017

DAWID KRUIPER MUNICIPALITY

Financial Statements For the Period Ended 30 June 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Dawid Kruiper Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996).

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998) and are classified as a medium capacity municipality.

JURISDICTION

The Dawid Kruiper Municipality includes the following areas:

Upington	Karos
Leerkrans	Lambrechtsdrift
Kalksloot	Sesbrugge
Groot Mier	Rietfontein
Klein Mier	Askham
Welkom	Loubos
Philandersbron	Andriesvale
Noenieput	Swartkopdam

The total population of Dawid Kruiper Municipality is 100 497 (STATS 2011 for //Khara Hais Local Municipality and Mier Local Municipality) and the jurisdiction size is 44 231 km².

MEMBERS OF COUNCIL

LA Koloi	Mayor
M Segede	Speaker
E Mnyaka	Member of Executive Committee
E Lebitsa	Member of Executive Committee
J Moya	Member of Executive Committee
M Eiman	Member of Executive Committee
M Andreas	Member of Executive Committee
S Masikani	Member of Executive Committee
M W Davids	Councillor
F Olifant	Councillor
M Pakade	Councillor
A C C Morkel	Councillor
S D Dubeni	Councillor
B Kalote	Councillor
F T van der Steen	Councillor
J H Opperman	Councillor
B L B Bosman	Councillor
M Bosman	Councillor
S Rooi	Councillor
M Klaaste	Councillor
K de Wee	Councillor
M Plaatjies	Councillor
D J Coetzee	Councillor
I I S S Selborne	Councillor
J C Esau	Councillor
P S J Isaacs	Councillor
S Sandlana	Councillor
J Mei	Councillor
B J Snyders	Councillor
J Assegai	Councillor
D Visagie	Councillor

MUNICIPAL MANAGER:

Elias Ntoba

CHIEF FINANCIAL OFFICER:

Gaylene Mercia Schreiner

DAWID KRUIPER MUNICIPALITY

Financial Statements For the Period Ended 30 June 2017

GENERAL INFORMATION

GRADING OF LOCAL AUTHORITY:

Grade 4

AUDITORS:

Auditor-General (Northern Cape)

PRIMARY BANKERS:

ABSA Bank Ltd

RELEVANT LEGISLATION:

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

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DAWID KRUIPER MUNICIPALITY

Financial Statements For the Period ended 30 June 2017

GENERAL INFORMATION

Approval of financial statements for the period ended 30 June 2017.

I am responsible for the preparation of these financial statements in Northern Cape Provincial Government Gazette nr 2030 dated 25th of July 2016, and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

Date signed

DAWID KRUIPER MUNICIPALITY

Financial Statements For the Period ended 30 June 2017

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DAWID KRUIPER MUNICIPALITY



// KHARA HAIS MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

		6 August 2016 - 30 June 2017 2017 Restated R	6 August 2016 - 30 June 2017 2017 Original R
	Note		
ASSETS			
Non-current assets		2 405 769 613	2 389 340 183
Property, plant and equipment	1.1	1 804 316 368	1 811 068 378
Intangible assets	1.2	3 745 809	3 745 809
Investment Property	1.3	593 197 961	570 016 521
Heritage Assets	1.4	4 509 475	4 509 475
Current assets		126 648 883	124 535 503
Inventory	3	9 647 686	9 647 686
Trade receivables from exchange transactions	4	59 692 657	57 579 277
Trade receivables from non-exchange transactions	4	11 927 652	11 927 652
Other receivables	5	1 521 490	1 521 490
Operating lease asset	6	92 517	92 517
Cash and cash equivalents	7	43 754 318	43 754 318
Current portion of receivables	2	12 563	12 563
TOTAL ASSETS		2 532 418 496	2 513 875 686
NET ASSETS AND LIABILITIES			
Non-current liabilities		366 198 530	383 939 879
Non-current borrowings	8	104 020 707	104 020 707
Employee Benefits	10	104 252 743	107 462 765
Non-current Provisions	11	157 925 079	172 456 407
Current liabilities		181 996 516	180 946 110
Current portion of borrowings	8	8 715 878	8 715 878
Consumer deposits	12	10 867 850	10 867 850
Current Employee Benefits	10	3 626 012	3 626 012
Provisions	13	50 371 844	49 321 438
Trade and other payables	14	85 691 141	85 691 141
Unspent conditional grants and receipts	15	19 143 580	19 143 580
VAT payable	16	3 580 211	3 580 211
Net assets		1 984 223 451	1 948 989 697
Accumulated surplus	17	1 984 223 451	1 948 989 697
TOTAL NET ASSETS AND LIABILITIES		2 532 418 496	2 513 875 686

DAWID KRUIPER MUNICIPALITY



DAWID KRUIPER MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2017

	Note	6 August 2016 - 30 June 2017 2017 Restated R	6 August 2016 - 30 June 2017 2017 Original R
REVENUE			
Revenue from Non-Exchange Transactions		212 746 400	187 013 661
Taxation Revenue		75 405 729	75 405 729
Property rates	18	75 405 729	75 405 729
Transfer Revenue		106 347 965	106 347 965
Government grants and subsidies - Operating	20	70 983 655	70 983 655
Government grants and subsidies - Capital	20	35 364 310	35 364 310
Other Revenue		30 992 706	5 259 967
Actuarial Gain	10	4 010 960	800 938
Fines		4 459 029	4 459 029
Fair Value Adjustment on Investment Property	1.3	22 522 717	-
Revenue from Exchange Transactions		366 381 660	368 196 135
Service Charges	19	337 358 824	335 245 444
Rental of facilities and equipment		8 340 631	8 340 631
Interest earned - external investments		2 843 965	2 843 965
Interest earned - outstanding receivables		2 984 790	2 984 790
Licences and permits		1 571 017	1 571 017
Income for agency service		4 208 176	4 208 176
Income for housing agency service		650 000	650 000
Other income	21	7 695 227	7 695 227
Gain on Disposal of Property, Plant and Equipment		729 030	4 656 885
TOTAL REVENUE		579 128 060	555 209 796
EXPENDITURE		590 941 506	594 690 280
Employee related costs	22	221 901 921	221 901 921
Remuneration of councillors	23	8 513 674	8 570 120
Contributions to provisions - Bad debts	24.1	18 408 800	18 408 800
Contributions to provisions - Other	24.2	15 149 819	15 149 819
Depreciation and amortisation expense	25	93 536 682	95 902 527
Impairment Losses	25	224 794	892 555
Finance costs	26	11 838 334	11 838 334
Bulk purchases	27	159 260 360	159 260 360
Contracted services	28	15 251 772	15 251 772
Grants and subsidies paid	29	464 442	464 442
General expenses	30	46 390 908	46 390 908
Fair Value Adjustment	1.3	-	658 722
TOTAL EXPENDITURE		590 941 506	594 690 280
NET SURPLUS / (DEFICIT) FOR THE PERIOD / YEAR		(11 813 446)	(39 480 484)

DAWID KRUIPER MUNICIPALITY



Statement of Changes in Net Assets for the Period Ended 30 June 2017

	Accumulated Surplus	Total
	R	R
Assets acquired and liabilities assumed on merger date - 6 August 2016 - refer to note 32	1 990 791 724	1 990 791 724
Adjustments to Assets acquired and liabilities assumed on merger date - 6 August 2016 - refer to note 33	5 245 173	5 245 173
(Deficit) for the Period	(11 813 446)	(11 813 446)
Balance at 30 June 2017	1 984 223 451	1 984 223 451

DAWID KRUIPER MUNICIPALITY



Cash Flow Statement for the Period Ended 30 June 2017

	Note	6 August 2016 - 30 June 2017 2017 R
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts		
Ratepayers and other		448 271 752
Government - operating	20	70 983 655
Government - capital	20	35 364 310
Interest		5 828 755
Payments		
Suppliers and employees		(466 803 269)
Transfers and Grants	29	(464 442)
Finance charges	26	(11 838 334)
Net Cash flow from operating activities		81 342 427
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Property, Plant and Equipment		(45 308 825)
Proceeds on Disposal of Property, Plant and Equipment		729 030
Purchase of Intangible assets		(65 500)
Disposal of Investment Property		396 056
Disposal of PPE		6 196 287
Decrease in Non-Current Receivables		10 469
Net Cash From Investing Activities		(38 042 482)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Loans Repaid		(11 117 732)
(Decrease) in Consumer Deposits		(881 687)
Net Cash From Financing Activities		(11 999 419)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS FROM ACTIVITIES		31 300 526
Cash and cash equivalents at the beginning of the period		12 453 792
Cash and cash equivalents at the end of the period	31.2	43 754 318
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		31 300 526

DAWID KRUIPER MUNICIPALITY



DAWID KRUIPER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017

	6 August 2016 - 30 June 2017						
	2017 Original Approved Budget R	2017 Adjustments R	2017 Final Approved Budget R	2017 Final Year-End Budget R	2017 Actuals R	2017 Variance R	Explanations for material variances
ASSETS							
Current Assets							
Cash	18 821 345	-	18 821 345	18 821 345	43 754 318	24 932 973	Unspent grants are invested that was budgeted to be spent by 30 June 2017
Consumer debtors	58 589 192	-	58 589 192	58 589 192	71 620 309	13 031 117	Under collection of debtors
Other debtors	17 488 459	(12 000 000)	5 488 459	5 488 459	1 614 007	(3 874 452)	No unpaid grants at year-end
Current portion of long-term receivables	5 000	-	5 000	5 000	12 563	7 563	The repayment portion was budgeted under non-current debtors.
Inventory	7 845 197	-	7 845 197	7 845 197	9 647 686	1 802 489	Bigger jurisdiction area let to increase in inventory held
Total Current Assets	102 749 193	(12 000 000)	90 749 193	90 749 193	126 648 883	35 899 690	
Non Current Assets							
Long-term receivables	4 911	-	4 911	4 911	-	(4 911)	The repayment was budgeted for under non-current debtors and the actual is under current.
Investment property	240 624 889	338 416 342	579 041 231	579 041 231	593 197 961	14 156 730	Less fair value adjustment than budgeted for.
Property, plant and equipment	1 874 795 699	(160 536 303)	1 714 259 397	1 714 259 397	1 808 825 843	94 566 446	Capitalisation of Landfill Sites
Intangible	3 754 957	1 411 662	5 166 619	5 166 619	3 745 809	(1 420 810)	Impairment and amortisation budgeted under PPE
Total Non Current Assets	2 119 180 456	179 291 701	2 298 472 158	2 298 472 158	2 405 769 613	107 297 455	
TOTAL ASSETS	2 221 929 649	167 291 701	2 389 221 350	2 389 221 350	2 532 418 496	143 197 146	
LIABILITIES							
Current Liabilities							
Bank overdraft	3 000 000	3 000 000	6 000 000	6 000 000	-	(6 000 000)	Unspent grants are invested that was budgeted to be spent by 30 June 2017
Borrowing	8 674 437	237 949	8 912 386	8 912 386	8 715 878	(196 508)	Restructuring resulting in decrease in repayments.
Consumer deposits	11 500 000	1 000 000	12 500 000	12 500 000	10 867 850	(1 632 150)	More consumers have pre-paid meters, therefore less deposits
Trade and other payables	71 767 540	19 151 328	90 918 868	90 918 868	108 414 931	17 496 064	Increase in leave accrual budget under provisions
Provisions	9 750 000	3 000 000	12 750 000	12 750 000	53 997 856	41 247 856	Increase in short-term liability of landfill sites and quarries
Total Current Liabilities	104 691 977	26 389 277	131 081 254	131 081 254	181 996 516	50 915 262	
Non Current Liabilities							
Borrowing	88 780 388	15 874 421	104 654 809	104 654 809	104 020 707	(634 102)	Adjustment of opening balance not budgeted for.
Provisions	125 060 383	16 059 135	141 119 518	141 119 518	262 177 822	121 058 304	Increase in long-term liability of landfill sites and quarries
Total Non Current Liabilities	213 840 771	31 933 556	245 774 327	245 774 327	366 198 530	120 424 203	
TOTAL LIABILITIES	318 532 748	58 322 833	376 855 581	376 855 581	548 195 046	171 339 464	
NET ASSETS	1 903 396 901	108 968 868	2 012 365 769	2 012 365 769	1 984 223 451	(28 142 319)	
COMMUNITY WEALTH / EQUITY							
Accumulated Surplus	1 903 396 901	108 968 868	2 012 365 769	2 012 365 770	1 984 223 451	(28 142 319)	Cost containment let surplus at period end
TOTAL COMMUNITY WEALTH / EQUITY	1 903 396 901	108 968 868	2 012 365 769	2 012 365 770	1 984 223 451	(28 142 319)	

DAWID KUIPER MUNICIPALITY

**DAWID KUIPER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 30 JUNE 2017**



	6 August 2016 - 30 June 2017			Explanations - Material Variances
	2017	2017	2017	
	Actual	Final Budget	Variance	
	R	R	R	
REVENUE BY SOURCE				
Property rates	75 405 729	85 213 257	(9 807 528)	Reversal of provisions as at 5 August 2016
Service charges	337 358 824	376 361 976	(39 003 152)	Decrease in service consumptions due to economic environment
Rental of facilities and equipment	8 340 631	9 309 373	(968 742)	Reversal of provisions as at 5 August 2018
Interest earned - external investments	2 843 965	1 500 000	1 343 965	Interest on unspent grants invested
Interest earned - outstanding receivables	2 984 790	3 500 000	(515 210)	No additional interest on debtors handed over
Fines	4 459 029	636 020	3 823 009	Fine income calculated in terms of GRAP while budgeted for actually paid
Licences and permits	1 571 017	1 584 037	(13 020)	Immaterial difference
Agency services	4 208 176	3 657 000	551 176	Less budgeted due to reallocation of renewal services to SAPO
Transfers recognised - operating	70 983 655	98 327 593	(27 343 938)	MTDG grant unspent at period end
Other revenue	34 878 904	14 548 983	20 329 921	Decrease in other revenue due to economic environment
Gains on disposal of PPE	729 030	18 473 830	(17 744 800)	Sale of property did not realise
Total Operating Revenue	543 763 750	613 112 069	(69 348 319)	

EXPENDITURE BY TYPE				
Employee related costs	221 901 921	246 934 188	(25 032 267)	Cost containment let to savings
Remuneration of councillors	8 513 674	10 737 211	(2 223 537)	Budgeted for higher increase on councillors' remuneration
Debt impairment	18 408 800	5 000 000	13 408 800	More debtors handed over for collection resulting in increase in debt impairment
Depreciation and asset impairment	93 761 476	90 719 401	3 042 075	Increase in capital expenditure resulting in increase in depreciation
Finance Charges	11 838 334	13 721 407	(1 883 073)	Restructuring of loan repayment let to decrease in interest paid
Bulk purchases	159 260 360	185 525 284	(26 264 925)	Decrease in service consumptions due to economic environment
Other materials	-	20 110 338	(20 110 338)	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Contracted services	15 251 772	9 712 712	5 539 060	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Transfers and grants	464 442	505 000	(40 558)	Donations budgeted according expected needs not realised
Other expenditure	61 540 727	74 047 462	(12 506 735)	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Loss on disposal of PPE	-	28 850	(28 850)	A net gain on disposal of assets were recorded
Total Operating Expenditure	590 941 506	657 041 853	(66 100 347)	
Operating (Deficit) for the year	(47 177 756)	(43 929 784)	(3 247 972)	
Transfers Recognised - Capital	35 364 310	45 499 725	(10 135 415)	Unspent capital projects
(DEFICIT) FOR THE YEAR	(11 813 446)	1 569 941	-13 383 387	

DAWID KRUIPER MUNICIPALITY

DAWID KRUIPER MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2017



	2017 Original Approved Budget R	2017 Adjustments R	2017 Final Approved Budget R	2017 Final Virements R	2017 Final Year-End Budget R
REVENUE BY SOURCE					
Property rates	85 436 959	(223 702)	85 213 257	-	85 213 257
Service charges	371 022 764	5 339 212	376 361 976	-	376 361 976
Rental of facilities and equipment	10 074 876	(765 503)	9 309 373	-	9 309 373
Interest earned - external investments	1 250 000	250 000	1 500 000	-	1 500 000
Interest earned - outstanding receivables	3 000 000	500 000	3 500 000	-	3 500 000
Fines	541 080	94 940	636 020	-	636 020
Licences and permits	1 582 950	1 087	1 584 037	-	1 584 037
Agency services	4 307 000	(650 000)	3 657 000	-	3 657 000
Transfers recognised - operating	96 721 702	1 605 891	98 327 593	-	98 327 593
Other revenue	13 337 386	1 211 597	14 548 983	-	14 548 983
Gains on disposal of PPE	18 663 502	(189 672)	18 473 830	-	18 473 830
Total Operating Revenue	605 938 219	7 173 850	613 112 069	-	613 112 069
EXPENDITURE BY TYPE					
Employee related costs	233 826 247	13 107 941	246 934 188	-	246 934 188
Remuneration of councillors	10 780 692	(43 481)	10 737 211	-	10 737 211
Debt impairment	5 000 000	-	5 000 000	-	5 000 000
Depreciation and asset impairment	90 719 401	-	90 719 401	-	90 719 401
Finance Charges	15 001 748	(1 280 341)	13 721 407	-	13 721 407
Bulk purchases	188 887 284	(3 362 000)	185 525 284	-	185 525 284
Other materials	19 037 084	812 467	19 849 551	260 787	20 110 338
Contracted services	8 226 178	2 912 966	11 139 144	(1 426 432)	9 712 712
Transfers and grants	110 000	95 000	205 000	300 000	505 000
Other expenditure	75 942 020	(2 760 203)	73 181 817	865 645	74 047 462
Loss on disposal of PPE	-	28 850	28 850	-	28 850
Total Operating Expenditure	647 530 654	9 511 199	657 041 853	-	657 041 853
Operating (Deficit) for the year	(41 592 435)	(2 337 349)	(43 929 784)	-	(43 929 784)
Transfers Recognised - Capital	39 676 298	5 823 427	45 499 725	-	45 499 725
(DEFICIT) FOR THE YEAR	(1 916 137)	3 486 078	1 569 941	-	1 569 941

DAWID KRUIPER MUNICIPALITY

**DAWID KRUIPER MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017**



	6 August 2016 - 30 June 2017						
	2017 Original Approved Budget R	2017 Adjustments R	2017 Final Approved Budget R	2017 Final Year-End Budget R	2017 Actual R	2017 Variance R	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates, penalties & collection charges	70 689 009	28 080 404	98 769 413	98 769 413	75 405 729	(23 363 684)	Reversal of provisions as at 5 August 2016
Service charges	371 022 764	5 339 212	376 361 976	376 361 976	351 050 972	(25 311 004)	Decrease in service consumptions due to economic environment
Other revenue	24 843 292	(107 879)	24 735 413	24 735 413	21 815 051	(2 920 362)	Decrease in other revenue due to economic environment
Government - operating	96 721 702	1 605 891	98 327 593	98 327 593	70 983 655	(27 343 938)	MTDG grant unspent at period end
Government - capital	39 676 298	5 823 427	45 499 725	45 499 725	35 364 310	(10 135 415)	Unspent capital projects
Interest	4 250 000	750 000	5 000 000	5 000 000	5 828 755	828 755	Interest on unspent grants invested
Payments							
Suppliers and employees	(515 576 662)	(43 877 688)	(559 454 350)	(559 454 350)	(466 803 269)	92 651 081	Cost containment measures implemented
Finance charges	(15 001 748)	1 280 341	(13 721 407)	(13 721 407)	(11 838 334)	1 883 073	Restructuring of loan repayment let to decrease in interest paid
Transfers and grants	(110 000)	(95 000)	(205 000)	(205 000)	(464 442)	(259 442)	Donations budgeted according expected needs not realised
NET CASH FROM / (USED) OPERATING ACTIVITIES	76 514 655	(1 201 292)	75 313 363	75 313 363	81 342 427	6 029 065	
CASH FLOW FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE	18 663 502	(218 522)	18 444 980	18 444 980	729 030	(17 715 950)	Sale of property did not realise
Decrease / (Increase) in non-current receivables	6 263	961	7 224	7 224	10 469	3 245	Decrease in repayment period
Payments							
Capital assets	(77 674 756)	(12 205 758)	(89 880 514)	(89 880 514)	(38 781 981)	51 098 533	Unspent capital projects
NET CASH FROM / (USED) INVESTING ACTIVITIES	(59 004 991)	(12 423 319)	(71 428 310)	(71 428 310)	(38 042 482)	33 385 828	
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	500 000	960 340	1 460 340	1 460 340	(881 687)	(2 342 027)	More consumers have pre-paid meters, therefore less deposits
Payments							
Repayment of borrowing	(10 083 848)	(1 468 226)	(11 552 074)	(11 552 074)	(11 117 731)	434 343	Restructuring resulting in decrease in repayments.
NET CASH FROM / (USED) FINANCING ACTIVITIES	(9 583 848)	(507 886)	(10 091 734)	(10 091 734)	(11 999 418)	(1 907 684)	
NET INCREASE / (DECREASE) IN CASH HELD	7 925 816	(14 132 497)	(6 206 681)	(6 206 681)	31 300 527	37 507 208	
Cash / cash equivalents at the year begin:	7 895 529	-	19 028 026	19 028 026	12 453 792	(6 574 234)	Decrease in revenue due to economic environment
Cash / cash equivalents at the year end:	15 821 345	-	12 821 345	12 821 345	43 754 318	30 932 974	Unspent grants are invested that was budgeted to be spent by 30 June 2017

DAWID KRUIPER MUNICIPALITY

Accounting Policies for the Annual Financial Statements For the Period Ended 30 June 2017

1 BASIS OF PRESENTATION

- 1.1 The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.
- 1.2 These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).
- 1.3 Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised - February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.
- 1.4 The Municipality did not early adopt any GRAP Standards which have been issued but are not effective yet.
- 1.5 A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.
- 1.6 Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.
- 1.7 The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.
- 1.8 Original Standards and Interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

GRAP 20 (Original - Jun 2011)	<p>Related Party Disclosure</p> <p>The objective of this interpretation of the Standards is to prescribe which persons qualify as related parties and which information should be disclosed in the AFS.</p> <p>No significant impact is expected as the Municipality already implemented controls to ensure that related party disclosures are met.</p>	Unknown
GRAP 32 (Original - Aug 2013)	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for services concession arrangements by the grantor, a public sector entity.</p> <p>No significant impact is expected as the Municipality does not have any concessions at this stage.</p>	Unknown
GRAP 108 (Original - Sep 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 109	<p>Statutory Receivables</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p>	Unknown

	<p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangement at this stage.</p>	
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2 USE OF ESTIMATES AND JUDGEMENTS

- 2.1 The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice (GRAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and, actual results may differ from these estimates.
- 2.2 Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period which the estimates are revised and in any future affected period.

3 PRESENTATION CURRENCY

- 3.1 Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

4 GOING CONCERN ASSUMPTION

- 4.1 The Municipality is deemed a going concern, following an assessment made by management during the compilation of the annual financial statements.

5 PROPERTY, PLANT AND EQUIPMENT

5.1 Initial Recognition

- 5.1.1 Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.
- 5.1.2 The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.
- 5.1.3 Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

- 5.1.4 When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- 5.1.5 Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.
- 5.1.6 The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.
- 5.1.7 Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

5.2 Subsequent Measurement

- 5.2.1 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.
- 5.2.2 Subsequently all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.
- 5.2.3 Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

5.3 Depreciation

- 5.3.1 Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Asset Group	Years	Asset Group	Years
Community Assets - Cemeteries	15 - 50	Solid Waste Disposal	15 - 30
Infrastructure - Railway	30 - 50	Other vehicles	4 - 10
Community Assets - Recreational Facilities	10 - 80	Office equipment	3 - 15
Community Assets - Sporting Facilities	15 - 75	Furniture and fittings	2 - 20
Heritage Assets - Buildings	Indefinite	Watercraft	15 - 20
Heritage Assets - Land	Indefinite	Bins and containers	10 - 15
Infrastructure - Electricity	15 - 55	Specialised plant and equipment	10 - 15
Infrastructure - Roads, Pavements, Bridges and Storm Water	15 - 100	Other items of plant and equipment	2 - 10
Infrastructure - Sanitation	3 - 50	Security	3 - 5
Infrastructure - Sewerage	10 - 80	Buildings	10 - 50
Infrastructure - Water	10 - 75	Specialist vehicles	10 - 15
Land and Buildings - Buildings	10 - 60	Infrastructure - Communication	30 - 50
Land and Buildings - Land	Indefinite	Landfill sites	1 - 50

5.3.2 Depreciation only commences when the asset is available for use, unless stated otherwise.

5.3.3 At each reporting date an assessment is done to determine whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If an indication exists, the municipality shall revise the expected useful life and / or residual value accordingly.

5.4 Incomplete Construction Work

5.4.1 Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

5.5 Finance Leases

5.5.1 Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

5.6 Land

5.6.1 Land is not depreciated as it is deemed to have an indefinite useful life.

5.7 Derecognition of Property, Plant and Equipment

- 5.7.1 The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.
- 5.7.2 The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.
- 5.7.3 Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

6 INTANGIBLE ASSETS

6.1 Initial Recognition

- 6.1.1 Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.
- 6.1.2 Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21.
- 6.1.3 Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

6.2 Subsequent Measurement, Amortisation and Impairment

- 6.2.1 After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.
- 6.2.2 After initial recognition, intangible assets are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. If the intangible asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same intangible asset previously recognised in surplus or deficit.
- 6.2.3 Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

- 6.2.4 In terms of GRAP 31 intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test.
- 6.2.5 Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.
- 6.2.6 The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	20

6.3 Derecognition

- 6.3.1 Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7 INVESTMENT PROPERTY

7.1 Initial Recognition

- 7.1.1 Investment property shall be recognised as an asset when, and only when:

- * it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- * cost or fair value of the investment property can be measured reliably.

- 7.1.2 Investment property includes property (land or a building, or part of a building, or both land and buildings held under finance lease) held to earn rentals and/or capital appreciation, rather than to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.
- 7.1.3 At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost at date of completion.

- 7.1.4 Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.
- 7.1.5 Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:
 - 7.1.5.1 All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
 - 7.1.5.2 Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
 - 7.1.5.3 A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
 - 7.1.5.4 A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.
- 7.1.6 The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:
 - 7.1.6.1 Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
 - 7.1.6.2 Property being constructed or developed on behalf of third parties;
 - 7.1.6.3 Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
 - 7.1.6.4 Property that is being constructed or developed for future use as investment property;
 - 7.1.6.5 Property that is leased to another entity under a finance lease;
 - 7.1.6.6 Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
 - 7.1.6.7 Property held for strategic purposes or service delivery.

7.2 Subsequent Measurement - Fair Value Model

- 7.2.1 Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

7.3 Derecognition

- 7.3.1 Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

8 Heritage Assets

- 8.1 Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding their estimated useful lives. The Municipality assess at each reporting date if there is an indication of impairment. Subsequent to measurement, heritage assets are carried at cost less impairment losses.

9 IMPAIRMENT OF ASSETS

9.1 Impairment of Cash Generating Assets

- 9.1.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.
- 9.1.2 If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
- 9.1.3 The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.
- 9.1.4 The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.
- 9.1.5 If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
- 9.1.6 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.
- 9.1.7 An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- 9.1.8 An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- 9.1.8.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.1.9 A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.
- 9.1.10 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.1.11 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

9.2 Impairment of Non-Cash Generating Assets

- 9.2.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.
- 9.2.2 If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.
- 9.2.3 The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

- 9.2.4 If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.
- 9.2.5 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.
- 9.2.6 An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
- 9.2.6.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.2.7 The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.
- 9.2.8 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.2.9 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

10 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

10.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

10.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

10.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The following assets are assessed on the following basis:

Significant individual Debtors	-	Individual significant debtors are defined as debtors with the outstanding balance that exceeds 1% of the total positive consumer debtor balance before provisions are made.
State Debtors	-	No provision for impairment will be made as State debtors will not be written-off.
Debtors with Year Tax	-	0% provision for impairment will be made for debtors with year tax for the interim statements.
Indigent Debtors	-	50% provision for impairment will be made for indigent debtors.
Debtors handed over for collection	-	80% provision for impairment will be made for debtors handed over for collections.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

10.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

10.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

10.3 De-recognition of Financial Instruments

10.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- * the rights to receive cash flows from the asset have expired; or
- * the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the assets, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

10.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

10.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

11 INVENTORIES

- 11.1** Inventories include consumables stores, maintenance materials, spare parts for plant, equipment and land or property held for sale. Cost is determined by the weighted average method and comprises all costs of purchases, cost of development, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost or net realisable value.
- 11.2** When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when goods are distributed or related service is rendered.
- 11.3** The amount of any write-down of inventories and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any write-down of inventories, arising from an increase in the net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

- 11.4 Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

12 REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

- 12.1.1 Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.
- 12.1.2 Service charges relating to electricity and water are based on consumption and a basic charge as per Council Resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.
- 12.1.3 Revenue from the sale of pre-paid electricity and pre-paid water sales are recognised at point of sale and not when prepaid electricity is consumed.
- 12.1.4 Service charges from sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property as set out in the approved Tariff List.
- 12.1.5 Interest and rentals are recognised on a time proportion basis.
- 12.1.6 Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.
- 12.1.7 Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant approved tariff. This includes the issuing of licences and permits.
- 12.1.8 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 12.1.9 Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

12.2 Revenue from Non-Exchange Transactions

- 12.2.1 Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.
- 12.2.2 Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when fines are processed on the system. A debtor is created for all unpaid fines on year-end and recoverability test is performed to calculate any impairments against the debtor.
- 12.2.3 Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.
- 12.2.4 Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

- 12.2.5 Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.
- 12.2.6 All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of 36 months. This assessment is performed annually at 30 June. The Municipality keep record of these unclaimed deposits for three years in the event that a party should submit a claim.

13 CONDITIONAL GRANTS AND RECEIPTS

13.1 Unspent Conditional Government Grants and Receipts

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

The liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- * Unspent conditional grants are recognised as a liability when the grant is received.
- * When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- * The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- * Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

13.2 Unpaid Conditional Government Grants and Receipts

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set of for the creation and utilisation of the grant is receivable:

- * Unpaid conditional grants are recognised as an asset when the grant is receivable.

13.3 Unspent Public Contributions

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- * Unspent public contributions are recognised as a liability when the grant is received.
- * When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

* The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.

* Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

14 PROVISIONS

- 14.1** Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).
- 14.2** The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.
- 14.3** Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring the provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.
- 14.4** A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
- 14.4.1** The Municipality has a detailed formal plan for the restructuring identifying at least:
- * the business or part of business concerned;
 - * the principal locations affected;
 - * the location, function and approximate number of employees who will be compensated for termination of services
 - * the expenditures that will be undertaken; and
 - * when the plan will be implemented.
- 14.4.2** The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.
- 14.5** The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.
- 14.6** If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be derecognised.

15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The amount of borrowing costs that the Municipality capitalises during the period shall not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

16 ACCUMULATED SURPLUS

The accumulated surplus of the municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies and GRAP 3.

17 UNAUTHORISED EXPENDITURE

- 17.1** Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18 IRREGULAR EXPENDITURE

- 18.1** Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19 FRUITLESS AND WASTEFUL EXPENDITURE

- 19.1** Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20 COMPARATIVE INFORMATION

20.1 Budget comparatives:

- 20.1.1** The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- * the approved and final budget amounts;
- * actual amounts and final budget amounts;

Explanations for variances above 10% between the approved and final budget are included in the budget comparison statements.

Explanations for variances above 10% between the final budget amounts and actual amounts are included in the budget comparison statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

20.2 Prior year comparatives:

20.2.1 When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

21 LEASES

21.1 The Municipality as Lessee

- 21.1.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.
- 21.1.2 Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.
- 21.1.3 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative on the time pattern of the lessee's benefit from the use of the leased asset.

21.2 The Municipality as Lessor

- 21.2.1 Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rebate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.
- 21.2.2 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

22 EMPLOYEE BENEFITS

22.1 Post Retirement Medical Obligations

- 22.1.1 The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. After retirement Council pays 70% as contribution and the remaining 30% are paid by the retired members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

22.1.2 These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling the employee to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

22.1.3 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

22.2 Long Service Awards

22.2.1 Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

22.2.2 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

22.3 Provision for Staff Leave

22.3.1 Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

22.3.2 Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

22.3.3 Accumulated leave is vesting.

22.4 Provision for Staff Bonuses

22.4.1 The entity recognise the expected cost of bonus payments (13th cheques) when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months.

22.4.2 Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

22.5 Performance Bonuses

22.5.1 A provision, in respect of a liability relating to the anticipated costs of performance bonuses payable to Section 56 & 57 employees, is recognised as it accrue to Section 56 & 57 employees.

22.6 Pension and retirement fund obligations

22.6.1 The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

23 INTERNAL FINANCING OF PROPERTY, PLANT AND EQUIPMENT

- 23.1** In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are provided from cash surpluses generated and transferred to the Capital Replacement Reserve (CRR).

24 CONTINGENT LIABILITIES

- 24.1** A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured within sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

25 CONTINGENT ASSET

- 25.1** A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset could also be a present asset that arises from past events, but is not recognised because it is not probable that an inflow of resources embodying economic benefits will be required to the asset or the amount of the asset cannot be measured within sufficient reliability.

Management judgement is required when recognising and measuring contingent assets.

26 COMMITMENTS

- 26.1** Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

27 RELATED PARTIES

- 27.1** Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel of the municipality are those persons, directly and indirectly, having authority and responsibility for planning, directing and controlling the activities of the Municipality. Key management is defined as the Municipal Manager, Chief Financial Officer and all other Section 56 & 57 managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.
- 27.2** Any services rendered to and payments made to key management personnel and councillors other than their monthly remuneration will be disclosed appropriate.

28 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

28.1 Post retirement medical obligations and Long service awards

- 28.1.1 The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the note 11 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

28.2 Impairment of Receivables

- 28.2.1 The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due. This was performed per identifiable categories across all debtors.

28.3 Property, Plant and Equipment

- 28.3.1 The useful lives of property, plant and equipment are based on a matter of judgement based on the experience of the entity with similar assets. The municipality considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at the time.

- 28.3.2 Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

* The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

* Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

* Whether there is an indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any indication exists, the municipality shall revise the expected useful life and / or residual value accordingly.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

* cost of item with a similar nature currently in the Municipality's asset register;

* cost of items with similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;

* cost as supplied by suppliers.

For deemed cost applied to land and building as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of assets.

28.4 Investment Property

28.4.1 The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

28.4.2 Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

* The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

28.5 Provision and Contingent Liabilities

28.5.1 Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

28.6 Revenue Recognition

28.6.1 Accounting Policy 13.1 on Revenue from Exchange Transactions and Accounting Policy 13.2 on Revenue from Non-Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

28.6.2 In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

28.6.3 Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when fines are processed on the system. A debtor is created for all unpaid fines on year-end and recoverability test is performed to calculate any impairments against the debtor.

28.6.4 The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

28.7 Provision for Landfill Sites

28.7.1 The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligation relates to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

28.7.2 Management referred to the following when making assumptions regarding provisions:

- * Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- * Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

28.8 Provision for Staff Leave

- 28.8.1 Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

28.9 Provision for Performance Bonuses

- 28.9.1 The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

28.10 Componentisation of Infrastructure Assets

- 28.10.1 All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to date of initially adopting the standard of GRAP.

29 DISTRIBUTION LOSSES

- 29.1 Electricity distribution losses comprises of technical and non-technical losses. Technical losses in electricity are experience due to natural resistivity of the conductors and the energisation of transformers. Non-technical losses are losses due to theft, faulty meters and billing errors. Calculation of the technical losses of the municipal network which consists of urban and rural networks, are calculated applying the methodology in the NRS 080:2004. Non-technical losses is calculated by subtracting technical losses from the total losses.

- 29.2 Water distribution losses comprises of technical and non-technical losses. Technical losses are experience during the purification process of the water. Non-technical losses are losses due to theft, faulty meters, pipe bursts and billing errors. Non-technical losses is calculated by subtracting technical losses from the total losses.

30 VALUE ADDED TAX

- 30.1 Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.
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DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

1.1 PROPERTY, PLANT AND EQUIPMENT

6 August 2016	Land and Buildings	Infrastructure	Community	Other	Total
Reconciliation of Carrying Value	R	R	R	R	R
Carrying Values at 6 August 2016	201 874 935	1 386 973 463	69 311 854	52 699 764	1 710 860 017
Cost	258 926 699	1 931 736 687	95 890 047	90 760 339	2 377 313 772
Accumulated Depreciation	(57 051 764)	(544 763 224)	(26 578 192)	(38 060 575)	(666 453 755)
Accumulated Depreciation - Transferred	71 479	1 050 743	(1 122 222)	-	-
Acquisitions	27 920	26 280 232	1 590 936	2 448 590	30 347 678
Capitalisation of Landfill Sites and Quarries	-	147 575 861	-	-	147 575 861
Capital Under Construction	42 522	13 322 183	1 596 441	-	14 961 147
Depreciation	(5 495 380)	(74 813 874)	(3 425 026)	(9 497 767)	(93 232 047)
Carrying Values of disposals	-	(5 401 857)	(123 154)	(671 276)	(6 196 287)
Cost	-	(7 377 120)	(192 713)	(1 325 394)	(8 895 227)
Accumulated Depreciation	-	1 975 263	69 559	654 118	2 698 940
Carrying Values at 30 June 2017	196 521 476	1 494 986 752	67 828 829	44 979 311	1 804 316 368
Cost	258 997 141	2 111 537 843	98 884 711	91 883 535	2 561 303 231
Accumulated Depreciation	(62 475 666)	(616 551 092)	(31 055 882)	(46 904 224)	(756 986 863)

DAWID KRUIPER MUNICIPALITY
Notes to the Financial Statements for the Period Ended 30 June 2017
1.1 PROPERTY, PLANT AND EQUIPMENT

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

1.1 PROPERTY, PLANT AND EQUIPMENT

Expenditure incurred to maintain PPE	Land and Buildings	Infrastructure	Community	Other	Total
Contracted Services	443 471	2 494 861	179 216	2 666 207	5 783 754
Consumable Items	345 887	1 994 858	260 935	492 076	3 093 756
30 June 2017	789 358	4 489 719	440 151	3 158 283	8 877 510

Disclosure of PPE Under Construction (WIP)	Land and Buildings	Infrastructure	Community	Other	Total
Opening Balance 2016/2017	-	21 108 605	2 834 515	27 167	23 970 287
Transferred from Under Construction to Additions				(27 167)	(27 167)
Under construction additions	42 522	13 322 183	1 596 441	-	14 961 147
30 June 2017	42 522	34 430 788	4 430 956	-	38 904 267

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the Municipality.

The Municipality did not pledge any of its assets as security.

The amount disclosed for impairment losses on Property, Plant and Equipment is in respect of impairment losses caused by variance accidents and damages that occurred during the year. Where accidents were applicable cost was recovered either by means of insurance claims or from the accused.

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
1.2	INTANGIBLE ASSETS	
	Carrying value as at 6 August 2016	4 209 738
	Cost	6 739 549
	Accumulated amortisation and impairment losses	(2 529 811)
	Acquisitions	65 500
	Impairment for the period	(224 794)
	Amortisation for the period	(304 634)
	Carrying value as at 30 June 2017	3 745 809
	Cost	6 805 048
	Accumulated amortisation and impairment losses	(3 059 239)
	The amortisation expense has been included in the line item Depreciation and Amortisation in the Statement of Financial Performance Note 25	
	All of the Municipality's Intangible Assets are held under freehold interest and no Intangible Assets had been pledged as security for any liabilities of the Municipality.	
	No restrictions apply to any of the Intangible Assets of the Municipality.	
	The Municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.	
	Impairment losses is due to SAMRAS system impaired.	
1.3	INVESTMENT PROPERTY AT FAIR VALUE	
	Reconciliation of fair value	
	Balance as at 6 August 2016	571 071 299
	Disposal	(396 056)
	Fair value adjustment	22 522 717
	Carrying value as at 30 June 2017	593 197 961

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R
Note	Description	
	<p>All of the Municipality's Investment Property is held under freehold interest and no Investment Property had been pledged as security for any liabilities of the municipality.</p> <p>The effective date of the revaluations was 30 June 2017. Revaluations were performed by independent valuers, DDP Valuers, which are not connected to the entity and have recent experience in location and category of the investment property being valued.</p> <p>Properties were valued on the comparative sales method of valuation, based on the active market values in the area.</p> <p>The Fair Value of Investment Properties was determined by a qualified valuer based on current market prices. The current demand in property in Upington resulted in an increase in property prices.</p> <p>There are no contractual obligations on Investment Property.</p>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

1.4 HERITAGE ASSETS

6 August 2016		Cultural Land and Buildings R	Historical Sites R	National Monuments R	Total R
Reconciliation of Carrying Value					
Carrying Values at 6 August 2016		4 473 475	26 000	10 000	4 509 475
Cost		4 473 475	26 000	10 000	4 509 475
Accumulated Depreciation		-	-	-	-
Acquisitions		-	-	-	-
Depreciation		-	-	-	-
Carrying Values at 30 June 2017		4 473 475	26 000	10 000	4 509 475
Cost		4 473 475	26 000	10 000	4 509 475
Accumulated Depreciation		-	-	-	-

All of the Municipality's Heritage Assets are held under freehold interest and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the Municipality.

The effective date of the revaluations was 1 July 2012. Cost was determined by independent valuers, which are not connected to the municipality and have recent experience in location and category of the heritage assets.

The heritage assets' values were determined directly by reference to resale value of the material of the asset or scrap metal.

The Municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
2	NON-CURRENT RECEIVABLES	
	Sundry Loans	12 563
	Less: Current portion transferred to current assets	(12 563)
	Total Non-Current Receivables	-
	<i>The Municipality does not hold deposits or any other security for its Long-Term Receivables.</i>	
	<i>These receivables are not regarded as loans as this was incorrect payments to employees which is recovered in terms of affordability and the Basic Conditions Act.</i>	
	<i>No Long-Term Receivables have been pledged as security for the Municipality's financial liabilities.</i>	
3	INVENTORY	
	Consumable Stores – at Cost	9 410 241
	Unsold water - at Cost	237 445
	Total Inventory	9 647 686
	<i>Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.</i>	
	<i>No inventories have been pledged as collateral for Liabilities of the Municipality.</i>	
	<i>An inventory loss to the amount of R 347 025 have been accounted during the period under review.</i>	
	<i>Included in consumable stock, is slow moving stock (stock showing no movement for the last 365 days) amounting to R 643 528.</i>	
	<i>The value and quantity of unsold water at year-end was calculated on a management estimate based on the % of the capacity of the water storage facilities and the cost per kl water purified during the financial year.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
------	-------------	--

4	TRADE RECEIVABLES			
	<u>As at 30 June 2017</u>	<u>Gross Balances</u>	<u>Provision for Bad Debts</u>	<u>Net Balance</u>
	Trade receivables from Exchange Transactions	89 908 295	(30 215 638)	59 692 657
	Trade receivables from Non-Exchange Transactions	19 790 518	(7 862 866)	11 927 652
	Total Trade Receivables	109 698 813	(38 078 504)	71 620 309

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R		
Note	Description			
	Trade receivables from Exchange Transactions	Gross Balances	Provision for Bad Debts	Net Balance
		R	R	R
	Total Exchange Debtors	68 480 971	(30 215 638)	38 265 333
	Provision for income not yet billed	21 427 324	-	21 427 324
	Total	89 908 295	(30 215 638)	59 692 657

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R		
	Trade receivables from Non-Exchange Transactions	Gross Balances R	Provision for Bad Debts R	Net Balance R
	Total Non-Exchange Debtors	19 213 629	(7 862 866)	11 350 763
	Sundry Debtors	95 553	-	95 553
	Plus: Traffic Debtors	481 336	-	481 336
	Total	19 790 518	(7 862 866)	11 927 652
	<i>The Municipality did not pledge any of its Receivables as security for borrowing purposes.</i>			

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Ageing of Receivables from Exchange Transactions:	
	<u>Electricity: Ageing</u>	
	Current (0 - 30 days)	12 908 882
	31 - 60 Days	295 225
	61 - 90 Days	135 605
	91 - 120 Days	108 944
	+ 120 Days	1 174 074
		<hr/>
		14 622 730
		<hr/>
	<u>Water: Ageing</u>	
	Current (0 - 30 days)	4 434 433
	31 - 60 Days	707 031
	61 - 90 Days	504 716
	91 - 120 Days	484 429
	+ 120 Days	7 625 808
		<hr/>
		13 756 416
		<hr/>
	<u>Refuse: Ageing</u>	
	Current (0 - 30 days)	2 525 605
	31 - 60 Days	753 362
	61 - 90 Days	517 045
	91 - 120 Days	505 207
	+ 120 Days	7 423 349
		<hr/>
		11 724 567
		<hr/>
	<u>Sewerage: Ageing</u>	
	Current (0 - 30 days)	3 085 946
	31 - 60 Days	659 753
	61 - 90 Days	463 883
	91 - 120 Days	408 425

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	+ 120 Days	4 780 723
		9 398 730
	<u>VAT: Ageing</u>	
	Current (0 - 30 days)	3 423 732
	31 - 60 Days	576 568
	61 - 90 Days	282 817
	91 - 120 Days	395 754
	+ 120 Days	2 622 855
		7 301 726

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	<u>Other: Ageing</u>	
	Current (0 - 30 days)	2 770 169
	31 - 60 Days	658 899
	61 - 90 Days	348 752
	91 - 120 Days	410 676
	+ 120 Days	7 488 305
		<hr/>
		11 676 802
		<hr/>
	<u>Total: Ageing</u>	
	Current (0 - 30 days)	29 148 766
	31 - 60 Days	3 650 837
	61 - 90 Days	2 252 818
	91 - 120 Days	2 313 435
	+ 120 Days	31 115 115
		<hr/>
		68 480 971
		<hr/>
	<i>The total ageing does not include the provision for income not yet billed of R 21 427 324.</i>	
	Ageing of Receivables from Non-Exchange Transactions:	
	<u>Rates: Ageing</u>	
	Current (0 - 30 days)	8 995 283
	31 - 60 Days	383 087
	61 - 90 Days	271 500
	91 - 120 Days	135 612
	+ 120 Days	9 428 147
		<hr/>
		19 213 629
		<hr/>
	<i>The ageing does not include sundry debtors of R 95 553 and traffic fines of R 481 336.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R
Note	Description	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note Description		6 August 2016 - 30 June 2017 2017 R												
	<p>Payments received are being prioritised in the following order:</p> <ul style="list-style-type: none">- Property Rates- Refuse and Sanitation- Water- Electricity													
	<p>Reconciliation of the Provision for Impairment</p> <table><tr><td>Balance at beginning of the year</td><td>28 342 995</td></tr><tr><td>Provision for bad debt</td><td>18 408 800</td></tr><tr><td>Amounts written off as uncollectable</td><td>(8 673 292)</td></tr><tr><td>Balance at the end of the year</td><td>38 078 504</td></tr></table> <table><tr><td>Receivables from Exchange Transactions</td><td>30 215 638</td></tr><tr><td>Receivables from Non-Exchange Transactions</td><td>7 862 866</td></tr></table>	Balance at beginning of the year	28 342 995	Provision for bad debt	18 408 800	Amounts written off as uncollectable	(8 673 292)	Balance at the end of the year	38 078 504	Receivables from Exchange Transactions	30 215 638	Receivables from Non-Exchange Transactions	7 862 866	
Balance at beginning of the year	28 342 995													
Provision for bad debt	18 408 800													
Amounts written off as uncollectable	(8 673 292)													
Balance at the end of the year	38 078 504													
Receivables from Exchange Transactions	30 215 638													
Receivables from Non-Exchange Transactions	7 862 866													
	<p>Receivables from Exchange Transactions are billed monthly. No interest is charged on Receivables until the next billing period in the following month. Thereafter interest is charged at a rate determined by Council on the outstanding balance.</p> <p>Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.</p> <p>The Municipality did not pledge any of its Receivables as security for borrowing purposes.</p> <p>Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.</p>													
5	<p>OTHER RECEIVABLES</p> <p>Sundry Debtors</p>	1 503 890												

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Deposit	17 600
	Total Other Receivables	1 521 490
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>	

6	OPERATING LEASE ASSET	
	Balance at the beginning of the period	34 349
	Operating Lease Revenue effected	58 169
	Total Operating Lease Receivables	92 517
	The municipality as Lessor:	
	<i>Operating Leases relate to Property owned by the municipality with lease terms of between 2 to 20 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.</i>	
	Amounts receivable under Operating Leases:	
	<i>At the reporting date the following minimum lease payments were receivable under non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follow:</i>	
	Up to 1 year	(41 502)
	2 to 5 years	93 919
	More than 5 years	40 101
	Total Operating Lease Arrangements	92 517
	<i>No restrictions have been imposed by the municipality in terms of the operating lease agreements.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R
Note	Description	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
7	CASH AND CASH EQUIVALENTS	
	Cashier's Float	3 740
	Petty Cash	2 000
	Short-Term Investments qualifying as Cash and Cash Equivalents	41 097 846
	Primary Bank Account - ABSA Bank Limited	846 816
	Cash book balance of traffic account	1 755 813
	Cheque Account - Standard Bank Limited	48 103
	Total Cash and Cash Equivalents	43 754 318
	<u>Current Account (Primary Bank Account)</u>	
	<i>ABSA Bank Limited - Upington Branch: Account Number 22-4000-0051</i>	
	Cash Book Balance at Beginning of Period	3 858 394
	Cash Book Balance at End of Period	846 816
	Bank Statement Balance at Beginning of Period	5 978 091
	Bank Statement Balance at End of Period	7 688 190
	<i>The Municipality does not have any overdrawn current account facilities with its banker as at 30 June 2017.</i>	
	<u>Current Account (Traffic Bank Account)</u>	
	<i>ABSA Bank Limited - Upington Branch: Account Number 40-8511-2448</i>	
	Cash Book Balance at Beginning of Period	191 484
	Cash Book Balance at End of Period	1 755 813
	Bank Statement Balance at Beginning of Period	400 280
	Bank Statement Balance at End of Period	1 718 003
	<u>Current Account (Standard Bank Account)</u>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	<p>Standard Bank Limited - Upington Branch: Account Number 406 81 092</p> <p>Cash Book Balance at Beginning of Period 154 251</p> <p>Cash Book Balance at End of Period 48 103</p> <p>Bank Statement Balance at Beginning of Period 451</p> <p>Bank Statement Balance at End of Period 48 103</p> <p>Investments qualifying as Cash and Cash Equivalents:</p> <p>ABSA Bank 90-8329-4211 25 445</p> <p>Investec Bank 1100-528419-623 3 682 963</p> <p>Investec Bank 1100-528419-624 37 384 737</p> <p>Stanlib 0054491328 2 605</p> <p>Stanlib 0054491263 1 045</p> <p>Stanlib 0054491301 1 051</p> <p style="text-align: right;">41 097 846</p>	
8	<p>NON-CURRENT BORROWINGS</p> <p>Annuity Loans 112 736 586</p> <p>Less : Current portion transferred to current liabilities (8 715 878)</p> <p>Total Non-Current Borrowings 104 020 707</p> <p><i>(Refer to Appendix A for more detail on long-term liabilities)</i></p>	
9	FINANCE LEASE LIABILITY	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Balance at the beginning of the period	48 405
	Finance Lease liability affected	(48 405)
	Total Finance Lease Liability	<u>-</u>
	The municipality as Lessee:	
	<i>Finance Lease relate to equipment that was leased for a period of three years ending September 2016.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
10	EMPLOYEE BENEFITS	
	Post Retirement Medical Benefits	91 281 417
	Long-Service Awards	12 971 326
	Total Non-current Employee Benefit Liabilities	104 252 743
10.1	POST RETIREMENT MEDICAL BENEFITS	
	Balance 1 July	86 930 038
	Service Cost	4 658 089
	Interest Cost	8 129 499
	Expenditure for the year	(2 318 214)
	Actuarial (Gain)	(3 577 244)
		93 822 168
	Portion	(2 540 751)
	Net Post-Employment Health Care Benefit Liability	91 281 417
10.2	LONG SERVICE AWARDS	
	Balance 1 July	12 874 102
	Service Cost	1 324 800
	Interest Cost	1 037 431
	Expenditure for the year	(746 030)
	Actuarial (Gain)	(433 716)
		14 056 587
	Portion	(1 085 261)
	Net Long Service Awards Liability	12 971 326
	TOTAL NON-CURRENT EMPLOYEE BENEFITS	
	Balance 1 July	99 804 140
	Contribution for the year	5 982 889
	Interest Cost	9 166 930
	Expenditure for the year	(3 064 244)
	Actuarial (Gain)	(4 010 960)
		107 878 755
	Portion	(3 626 012)
	Net Post-Employment Health Care Benefit Liability	104 252 743

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R				
Note	Description					
	Post Retirement Benefits					
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:					
	- In-service (employees) members	443				
	- In-service (employee) non-members	522				
	- Continuation members (e.g. Retirees, widows, orphans)	70				
	Total	1 035				
	The liability in respect of past service has been estimated to be as follows:					
	- In-service members	41 665 142				
	- Continuation members	37 108 451				
	- In-Service non-members	15 048 575				
		93 822 168				
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
		6 August 2016 - 30 June 2017 2017 R millions	2016 R millions	2015 R millions	2014 R millions	2013 R millions
	Members	93.822	-	-	-	-
	Total Liability	93.822	-	-	-	-
					6 August 2016 - 30 June 2017 2017 R millions	2016 R millions
	Experience adjustments were calculated as follows:					
	Liabilities: (Gain) / Loss	(3.577)				
	Assets: Gain / (Loss)	-				
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
			2015 R millions	2014 R millions	2013 R millions	
	Liabilities: (Gain) / Loss	-				
	Assets: Gain / (Loss)	-				
	The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.					
	As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.					

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R												
Note	Description													
	<p>Therefore, although the Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.</p> <p>The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:</p>													
	<p>- Bonitas - Hosmed - LA Health - Keyhealth - Samwumed</p> <p>Key actuarial assumptions used:</p> <p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p> <p>Rate of interest</p> <table><tr><td>Discount rate</td><td>11.97%</td></tr><tr><td>Consumer Price Inflation</td><td>8.90%</td></tr><tr><td>Health Care Cost Inflation Rate</td><td>10.40%</td></tr><tr><td>Net Effective Discount Rate</td><td>1.42%</td></tr></table> <p>Mortality rates</p> <p>The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries</p> <p>Normal retirement age</p> <p>It has been assumed that in-service members will retire at an average age of 63, which then implicitly allows for expected rates of early and ill-health retirement.</p> <p>The amounts recognised in the Statement of Financial Position are as follows:</p> <table><tr><td>Present value of fund obligations</td><td>93 822 168</td></tr><tr><td>Net liability/(asset)</td><td>93 822 168</td></tr></table>	Discount rate	11.97%	Consumer Price Inflation	8.90%	Health Care Cost Inflation Rate	10.40%	Net Effective Discount Rate	1.42%	Present value of fund obligations	93 822 168	Net liability/(asset)	93 822 168	
Discount rate	11.97%													
Consumer Price Inflation	8.90%													
Health Care Cost Inflation Rate	10.40%													
Net Effective Discount Rate	1.42%													
Present value of fund obligations	93 822 168													
Net liability/(asset)	93 822 168													

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016				
		- 30				
		June 2017				
		2017				
		R				
Note	Description					
	The Municipality has elected to recognise the full increase in this defined benefit liability immediately					
	Balance 1 July	86 930 038				
	Contribution for the year	4 658 089				
	Interest Cost	8 129 499				
	Expenditure for the year	(2 318 214)				
	Actuarial (Gain)	(3 577 244)				
		<u>93 822 168</u>				
	Portion	<u>(2 540 751)</u>				
	Net Post-Employment Health Care Benefit Liability	<u>91 281 417</u>				
Sensitivity Analysis on the Accrued Liability						
		In-Service members liability R millions	Continuation member liability R millions	Total liability R millions		
	Assumption					
	Central Assumptions	56.714	37.108	93.822		
The effect of movements in the assumptions are as follows:						
		Change	Liability R millions	Change %		
	Assumptions					
	Central assumptions	-	93.822	-		
	Discount Rate	+ 1%	80.603	-14%		
	Discount Rate	- 1%	110.509	18%		
	Health Care Inflation	+ 1%	110.936	18%		
	Health Care Inflation	- 1%	80.079	-15%		
	Average retirement age	-1 year	96.199	3%		
	Post-retirement mortality	-1 year	97.041	3%		
	Continuation of membership at retirement	-10%	89.220	-5%		
Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2017						
The effect of movements in the assumptions are as follows:						
		Current Service Cost R millions	Interest Cost R millions	Total R millions	Change %	
	Assumptions	Change				
	Central Assumptions		6.9691	11.0785	18.0475	
	Discount Rate	1%	8.7454	10.2751	19.0205	-11%
	Discount Rate	-1%	8.5505	11.9714	20.5218	14%
	Health Care Inflation	1%	8.6492	13.11294	21.7621	21%
	Health Care Inflation	-1%	5.6611	10.0849	15.7460	-13%
	Post-retirement mortality	-1 year	7.5835	11.3630	18.9465	5%
	Average retirement age	-1 year	7.2005	11.4503	18.6509	3%
	Continuation of membership at retirement	-10%	6.400	10.5275	16.9280	-6%
Long Service Bonuses					Employees	
The Long Service Bonus plans are defined benefit plans						

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R
Note	Description	
	As at year end, the following number of employees were eligible for Long Service Bonuses	965
	Rate of interest	
	Discount Rate	8.67%
	CPI	5.47%
	General Increase Rate	6.47%
	Net Discount Rate	2.07%
	The amounts recognised in the Statement of Financial Position are as follows:	
	Present value of fund obligations	- 14 056 587
	Net liability	- 14 056 587

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R				
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
		6 August 2016 30 June 2017 2017 R millions	- 2016 R millions	2015 R millions	2014 R millions	2013 R millions
	Members	14.057	-	-	-	-
	Total Liability	14.057	-	-	-	-
	Experience adjustments were calculated as follows:					
	Liabilities: (Gain) / Loss				(0.434)	-
	Assets: Gain / (Loss)				-	-
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
			2015 R millions	2014 R millions	2013 R millions	
	Liabilities: (Gain) / Loss		(2.897)	(0.049)	0.079	
	Assets: Gain / (Loss)		-	-	-	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016				
		-	30			
		June 2017				
		2017				
Note	Description	R				
	Balance 1 July	12 874 102				
	Contribution for the year	1 324 800				
	Interest Cost	1 037 431				
	Expenditure for the year	(746 030)				
	Actuarial (Gain)	(433 716)				
		14 056 587				
	Portion	(1 085 261)				
	Net Post-Employment Health Care Benefit Liability	12 971 326				
	Sensitivity Analysis on the Accrued Liability					
	Assumptions	Change	Liability R millions	Change %		
	Central assumptions	-	14.057	-		
	General salary inflation	+ 1%	15.027	7%		
	General salary inflation	- 1%	13.176	-6%		
	Discount rate	+ 1%	13.201	-6%		
	Discount rate	- 1%	15.016	7%		
	Average retirement age	-2 yrs	13.045	-7%		
	Average retirement age	+2 yrs	15.340	9%		
	Withdrawal rates	+ 50%	12.264	-13%		
	Withdrawal rates	- 50%	16.516	18%		
	Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2017					
	The effect of movements in the assumptions are as follows:					
	Assumptions	Change	Current Service Cost R millions	Interest Cost R millions	Total R millions	Change %
	Central Assumptions		1.3717	1.1717	2.5434	
	General Salary Inflation	1%	1.4861	1.2556	2.7417	8%
	General Salary Inflation	-1%	1.2693	1.0955	2.3648	-7%
	Discount Rate	1%	1.2721	1.2242	2.4964	-2%
	Discount Rate	-1%	1.4847	1.1099	2.5947	2%
	Average retirement age	-2 year	1.1939	1.1943	2.3882	-6%
	Average retirement age	+2 year	1.3717	1.3721	2.7438	8%
	Withdrawal Rate	+ 50%	1.1319	1.0168	2.1488	-16%
	Withdrawal Rate	-50%	1.7331	1.3843	3.1174	23%

11	NON-CURRENT PROVISIONS	
	Landfill Site - Environmental Rehabilitation	82 146 119
	Quarries - Environmental Rehabilitation	75 778 960
	Balance at the end of the period	157 925 079
11.1	<u>Landfill Site - Environmental rehabilitation</u>	
	Balance beginning of the period	21 790 933
	Change in landfill closure provision	63 962 635
	Interest Cost	-
		85 753 568
	Less: Transfer of Current Portion	(3 607 449)
	Balance at the end of the period	82 146 119

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016
		- 30
		June 2017
		2017
		R
Note	Description	
	Dawid Kruiper Municipality currently operate a landfill sites. Environmental rehabilitation – environmental obligation to rehabilitate the various landfill sites upon closure.	
	Askham Landfill Site	5 053 712
	De Duine Landfill Site	44 454 314
	Groot Mier Landfill Site	4 735 479
	Leerkrans Landfill Site	4 543 430
	Loubos Landfill Site	5 025 681
	Noenieput Landfill Site	3 039 206
	Philandersbron Landfill Site	4 676 658
	Rietfontein Landfill Site	5 422 428
	Swartkop Landfill Site	3 941 508
	Welkom Landfill Site	4 861 152
	Total Landfill site rehabilitation	85 753 568
	In terms of the licencing of the landfill refuse sites, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives.	
	Key financial assumptions used:	
	Assumptions	Groot Mier, Loubos, Welkom and LeerkransPhilandersbron, Rietfontein and Swartkopdam Landfill SitesPhilandersbron, Rietfontein and Swartkopdam Landfill Sites
	CPI	5.6372%5.6372%5.6372%
	Discount Rate	8.6372%8.1372%8.1372%
	Net Effective Discount Rate	3%2.5%2.5%
11.2	Quarries - Environmental rehabilitation	
	Balance beginning of the period	19 145 769
	Change in quarry closure provision	83 613 226
		102 758 995
	Less: Transfer of Current Portion	(26 980 035)
	Balance at the end of the period	75 778 960
	Dawid Kruiper Municipality currently operates three quarries, while two quarries are not in use anymore. The municipality have an environmental obligation to rehabilitate the various landfill sites upon closure.	
	Leseding Quarry	25 233 180
	Spitskop Quarry	59 804 836
	Uppington Quarry	15 974 124
	Rietfontein 1 Quarry	696 449
	Rietfontein 2 Quarry	1 050 406
	Total Quarries rehabilitation	102 758 995
	In terms of the licencing of the landfill refuse sites, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives.	
11.3	Performance Bonuses	
	Balance beginning of the period	107 083
	Transferred to Provisions	(107 083)
	Balance at the end of the period	-

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
12	CONSUMER DEPOSITS	
	Electricity and Water	8 667 613
	Sundry	2 200 236
	Total Consumer Deposits	10 867 850
	Guarantees Held In Lieu of Electricity and Water Deposits	270 334
	<i>Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding account.</i>	
	<i>No interest is paid on Consumer Deposits held.</i>	
13	PROVISIONS	
	Performance Bonus	1 073 946
	Leave Provision	18 710 414
	Current portion of Non-Current Provisions	30 587 484
	Total Current Provisions	50 371 844
	Performance bonuses	
	Balance beginning of the period	1 024 249
	Performance bonuses paid	(1 040 911)
	Transferred from non-current provisions	107 083
	Contributions	983 525
	Balance at the end of the period	1 073 946
	Leave Provision	
	Balance beginning of the period	18 098 021
	Leave payouts	(1 182 717)
	Contribution	1 795 110
	Balance at the end of the period	18 710 414

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
14	TRADE AND OTHER PAYABLES	
	Trade Creditors	59 644 169
	Payments Received in Advance	6 808 374
	Retentions	3 668 808
	Unidentified Deposits	1 501 940
	Other Creditors	4 678 904
	Leave Accrual	1 784 168
	Staff Bonuses	7 604 778
	Total Trade and Other Payables	85 691 141
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>	
	<i>The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. The Municipality has policies in place to ensure that all payables are paid within the credit timeframe.</i>	
	Leave accrual	
	Balance beginning of the period	2 853 878
	Leave payments	(378 444)
	Reversal of Provision	(691 267)
	Balance at the end of the period	1 784 168
	<i>Provision for leave values due to employees is calculated in terms of the standard conditions of employment. The provision for leave is calculated on the cost to council, leave payouts are done on basic salary.</i>	
	Staff Bonuses	
	Balance beginning of the period	7 402 208
	Bonus Payments	(11 237 897)
	Contributions	11 440 467
	Balance at the end of the period	7 604 778
	<i>Provision for bonuses paid in November due to employees is calculated on a pro-rata basis from the 1st of December till the 30th of June based on the basic salary on which bonuses are paid.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
15	UNSPENT CONDITIONAL GRANTS AND DONATIONS	
15.1	Conditional Grants From Other Spheres of Government	19 143 580
	EPWP - National	89 970
	Other	105 178
	DWA	4 344
	Housing	2 249 660
	Municipal Demarcation Transition Grant	12 015 409
	Provincial Grants	5 018 000
	Bloodhound Funding	3 639
	MIG	116 519
	Total Unspent Conditional Grants and Donations	19 143 580
	<i>Refer to note 20 for reconciliation of grants from other spheres of government.</i>	
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>	
16	VAT (RECEIVABLE) / PAYABLE	
	VAT (Receivable) / Payable	3 580 211
	Total VAT Receivable / Payable	3 580 211
	<i>VAT is payable on the cash basis. Only once payment is received from debtors is VAT paid over to SARS and claimed from SARS when actual payment of creditors are done.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
17	ACCUMULATED SURPLUS	
	Accumulated surplus / (deficit)	1 984 223 451
	Total Accumulated Surplus	1 984 223 451
18	PROPERTY RATES	
	General Rates	
	Total Assessment Rates	83 629 815
	Less: Revenue Foregone	(8 224 087)
		75 405 729
	Valuations	30/06/2017 R 000's
	Residential & Commercial	5 923 484
	Agricultural	5 566 221
	State	617 992
	PSI	23 588
	Non Rateable	604 454
	Total Property Valuations	12 735 739
	<i>The Section 12 Notice, per Provincial Gazette dated 25 July 2016, No. 2030 stated that:</i>	
	... "The valuation rolls for the disestablished municipalities which cover the area of the municipality remain valid for the area covered by it until the municipality has prepared a combined comprehensive roll. Notwithstanding the provisions of any applicable law to the contrary and notwithstanding the disestablishment of the disestablished municipalities, the 2016/17 budget of the disestablished municipalities, including tariffs, shall remain in force until 30 June 2017 and the budgets of the two disestablished municipalities shall together be deemed to constitute the budget of the municipality until 30 June 2017; provided that the budget may be adjusted in terms of any applicable law"...	
	<i>Valuations on land and buildings are performed every four years. The general valuation came into effect on 1 July 2014. A general rate of R 0.0109024 (//Khara Hais Local Municipality) and R 0.00933 (Mier Local Municipality) were applied to property valuations to determine assessment rates. Rates are levied on an annual or monthly basis on properties depending on the choice made by the property owner.</i>	
19	SERVICE CHARGES	
	Sale of Electricity	242 247 179
	Prepaid Electricity Sales	76 428 029
	Other Electricity Sales	4 979 787
	Metered Electricity Sales	164 924 367
	Cost of Free Basic Services - Indigents	(4 085 004)
	Total Sale of Water	47 584 830
	Sale of Water	50 257 879
	Cost of Free Basic Services - Indigents	(2 673 049)
	Total Refuse Removal	20 262 777
	Refuse Removal	26 503 539
	Cost of Free Basic Services - Indigents	(6 240 762)
	Total Sewerage and Sanitation Charges	27 264 038

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Sewerage and Sanitation Charges Cost of Free Basic Services - Indigents Total Service Charges <i>The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.</i>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin-left: auto;"> 33 826 294 (6 562 256) </div> <hr style="border: 1px solid black; margin-top: 5px;"/> 337 358 824
20	GOVERNMENT GRANTS AND SUBSIDIES	
	Government Grants and Subsidies - Operating	70 983 655
	Government Grants and Subsidies - Capital	35 364 310
	Total Government Grants and Subsidies	106 347 965
	Equitable Share	57 989 000
	SETA Training Subsidy	203 411
	INEP	5 000 000
	Provincial	1 468 219
	MIG	25 736 762
	MSIG	0
	FMG	3 623 128
	Other Conditional Grants	794 195
	EPWP - National Grant	1 986 458
	MTDG	1 413 591
	EEDSMG	7 000 000
	CoGHTA	1 133 200
	Total Government Grants and Subsidies	106 347 965
20.01	Equitable Share and SETA Subsidies	
	<i>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from this grant.</i>	
	<i>SETA subsidies are utilised to finance the operations of the specific department (Human Resources) within the municipality.</i>	
20.02	INEP Grant	
	Balance unspent at beginning of year	-
	Current year receipts -	5 000 000
	Conditions met - transferred to revenue	(5 000 000)
	Conditions still to be met - transferred to liabilities / assets	-
	<i>This grant was used for electrical connections in previously disadvantaged areas.</i>	
20.03	Provincial Grants	
	Balance unspent at beginning of year	361 333
	Current year receipts	7 138 000
	Other transfers	(1 013 114)
	Conditions met - transferred to revenue	(1 468 219)
	Conditions still to be met - transferred to liabilities	5 018 000
	<i>The grant was utilised for the upgrading of library infrastructure and equipment, as well as operating expenditure.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
20.04	MIG	
	Balance unspent at beginning of year	(1 323 719)
	Current year receipts	27 177 000
	Conditions met - transferred to revenue	(25 736 762)
	Conditions still to be met - transferred to liabilities	116 519
	<i>The Municipal infrastructure grant is utilised for the construction of infrastructure in terms of the conditions of the grant. Due to critical vacant position within the Technical department, all MIG-projects could not be completed.</i>	
20.05	MSIG	
	Balance unspent at beginning of year	(0)
	Other Transfers	(0)
	Conditions still to be met - transferred to liabilities	(0)
	<i>The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems.</i>	
20.06	FMG	
	Balance unspent at beginning of year	(11 872)
	Current year receipts	3 635 000
	Conditions met - transferred to revenue	(3 623 128)
	Conditions still to be met - transferred to liabilities	-
	<i>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</i>	
20.07	Other	
	Balance unspent at beginning of year	853 011
	Current year receipts	50 000
	Conditions met - transferred to revenue	(794 195)
	Conditions still to be met - transferred to liabilities	108 816
	<i>Various grants received from different spheres (e.g. Lotto)</i>	
20.08	EPWP - National	
	Balance unspent at beginning of year	74 869
	Current year receipts	2 000 000
	Conditions met - transferred to revenue	(1 986 458)
	Conditions still to be met - transferred to liabilities	88 411
	<i>The Expanded Public Works Programme Grant was allocated to the Municipality for the installation of water meters.</i>	
20.09	EPWP - Provincial	
	Balance unspent at beginning of year	(662 079)
	Written off	662 079
	Conditions still to be met - transferred to liabilities	-
	<i>The Expanded Public Works Programme Grant was allocated to the Municipality for paving projects in the community and improvement of roads.</i>	
20.10	DWA	
	Balance unspent at beginning of year	4 344

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Conditions still to be met - transferred to liabilities	4 344
	<i>The grant was used for capital expenditure in water reticulation and production.</i>	
20.11	EEDSMG	
	Balance unspent at beginning of year	-
	Current year receipts	7 000 000
	Conditions met - transferred to revenue	(7 000 000)
	Conditions still to be met - transferred to liabilities	-
	<i>To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure, in order to reduce electricity consumption and improve energy efficiency.</i>	
20.12	CoGHTA	
	Balance unspent at beginning of year	2 925 281
	Conditions met - transferred to revenue	(1 133 200)
	Conditions still to be met - transferred to liabilities	1 792 081
	<i>To provide funding for the creation of sustainable and integrated human settlements.</i>	
20.13	Municipal Demarcation Transition Grant	
	Balance unspent at beginning of year	5 372 000
	Current year receipts	8 057 000
	Conditions met - transferred to revenue	(1 413 591)
	Conditions still to be met - transferred to liabilities	12 015 409
	<i>A grant was received by National Treasury to cover costs which arise from the merger of //Khara Hais Municipality and Mier Municipality.</i>	
21	OTHER INCOME	
	Administration Costs on Sale of erven	258 469
	Commission	484 284
	Consent Use	1 840 484
	Insurance Claims	139 575
	Occupational Practise Levy	758 742
	Other	3 179 475
	Plan fees	697 511
	Side Line Recoupment	77 191
	Unauthorised / Deviated Usage	259 495
	Total Other Income	7 695 227
	<i>The amounts disclosed above for Other Revenue are in respect of services, other than described in notes 20 to 21, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.</i>	
22	EMPLOYEE RELATED COSTS	
	Employee Related Costs - Salaries and Wages	144 156 489
	Employee Related Costs - Contributions for UIF, Pension, Medical Aid Funds, WCA and Group Life Insurance	38 934 415

Notes to the Financial Statements for the Period Ended 30 June 2017Page 57

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Annual Remuneration	935 014
	Car Allowance	173 090
	Contributions to Pension, Group Life & Medical Aid Funds	83
	Performance Bonuses	137 384
	Total	1 245 572
22.06	Remuneration of the Director Civil Engineering Services	6 August 2016 - 17 May 2017
	Annual Remuneration	1 007 908
	Car Allowance	97 539
	Contributions to Pension, Group Life & Medical Aid Funds	92
	Performance Bonuses	137 384
	Total	1 242 924
	<i>The Municipal Manager resigned on 17 May 2017. The Director: Civil Engineering Services were appointed as Acting Municipal Manager till 30 June 2017. Senior Technician: Water Distribution was appointed as Acting Director: Civil Engineering Services for the period 18 May 2017 till 30 June 2017.</i>	
22.07	Remuneration of the Acting Director Civil Engineering Services	18 May 2017 - 30 June 2017
	Acting Allowance	60 927
	Total	60 927
	<i>The Municipal Manager resigned on 17 May 2017. The Director: Civil Engineering Services were appointed as Acting Municipal Manager till 30 June 2017. Senior Technician: Water Distribution was appointed as Acting Director: Civil Engineering Services for the period 18 May 2017 till 30 June 2017.</i>	
22.08	Remuneration of the Director Development and Planning Services	
	Annual Remuneration	880 875
	Car Allowance	36 272
	Contributions to Pension, Group Life & Medical Aid Funds	189 265
	Performance Bonuses	137 384
	Total	1 243 796
	<i>Performance bonuses for the 2015/2016 financial year were paid. Performance bonuses for 2016/2017 financial year is provided as set out in note 13</i>	
23	REMUNERATION OF COUNCILLORS	
	Executive Mayor	696 580
	Speaker	562 677
	Executive Committee Members	1 799 492
	Councillors	5 454 924
	Total Councillors' Remuneration	8 513 674
	In-kind Benefits	
	<i>The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.</i>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	<p><i>The Mayor has use of a Council owned vehicle for official duties.</i></p> <p><i>All Councillors were provided with a Council laptop and 3G Modem.</i></p> <p><i>Refer to Appendix G for more detail.</i></p>	
24	CONTRIBUTIONS TO PROVISIONS	
24.1	Bad debts	18 408 800
	Total Bad Debts	18 408 800
24.2	Other contributions	
	Employee Benefits - Post Retirement Medical Benefit	12 787 588
	Employee Benefits - Long Service	2 362 231
	Total Other Contributions	15 149 819
25	DEPRECIATION AND ASSET IMPAIRMENT	
	Depreciation on PPE	93 232 047
	Depreciation on Intangible Assets	304 634
	Impairment loss on Intangible Assets	224 794
	Total Depreciation and Asset Impairment	93 761 476
26	FINANCE COSTS	
	Non-current borrowings	11 631 430
	Finance Lease	2 851
	Creditors	193 576
	Financial Institutions	10 476
	Total Finance Costs	11 838 334
27	BULK PURCHASES	
	Electricity	153 934 005
	Water	5 326 354
	Total Bulk Purchases	159 260 360
	<p><i>Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for resale to the consumers.</i></p> <p><i>Electricity is purchased from Eskom whilst Water is purchased from DWAF.</i></p>	
28	CONTRACTED SERVICES	
	Legal Costs	645 690
	Professional Fees	4 159 284
	Commission Paid	2 338 571

Notes to the Financial Statements for the Period Ended 30 June 2017Page 60

Notes to the Financial Statements for the Period Ended 30 June 2017

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DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R		
	Property, plant and equipment	1 558 338 655	147 836 535	1 706 175 191
	Intangible assets	3 145 292	1 966 254	5 111 546
	Investment property	202 645 559	371 696 634	574 342 193
	Heritage assets	4 309 000	200 475	4 509 475
	Non-current receivables	10 941	-	10 941
	Current Assets	110 310 060	15 346 695	125 656 755
	Inventory	11 673 685	458 116	12 131 801
	Trade receivables from exchange transactions	57 569 084	1 940 204	59 509 288
	Trade receivables from non-exchange transactions	21 717 526	7 068 633	28 786 158
	Other receivables	4 843 991	-	4 843 991
	Unpaid conditional grants and receipts	4 058 380	-	4 058 380
	Short-term investments	-	-	-
	Cash and cash equivalents	10 435 301	5 845 394	16 280 695
	Current portion of receivables	12 092	-	12 092
	Operating Lease Receivables	-	34 349	34 349
	TOTAL ASSETS	1 878 759 507	537 046 593	2 415 806 100
	NET ASSETS AND LIABILITIES			
	Non-Current Liabilities	230 591 635	13 039 668	243 631 304
	Non-current borrowings	113 150 424	503 546	113 653 970
	Employee benefits	95 479 402	274 236	95 753 638
	Non-current provisions	21 961 809	12 261 886	34 223 695
	Current Liabilities	154 382 830	27 000 242	181 383 072
	Current portion of borrowings	10 898 698	183 000	11 081 698
	Consumer deposits	11 691 091	123 600	11 814 691
	Current employee benefits	4 029 522	-	4 029 522
	Provisions	19 575 570	6 387 772	25 963 342
	Trade and other payables	96 508 798	11 734 293	108 243 091
	Unspent conditional grants and receipts	6 385 191	8 123 073	14 508 264
	VAT payable	1 435 566	448 503	1 884 070
	Bank overdraft	3 858 395	-	3 858 395
	Net Assets	1 493 785 042	497 006 682	1 990 791 724
	Accumulated surplus / (deficit)	1 493 785 042	497 006 682	1 990 791 724
	TOTAL NET ASSETS AND LIABILITIES	1 878 759 507	537 046 593	2 415 806 100
33	ADJUSTMENTS TO ASSETS ACQUIRED AND LIABILITIES ASSUMED ON MERGER DATE			
	In line with GRAP 107, paragraphs 22 and 23, the following differences between the carrying amounts of the assets acquired and the liabilities assumed, including any inconsistencies between the basis employed relating to these assets and liabilities, were identified:			
	Assets Acquired and Liabilities assumed on	Adjustments to Carrying Value	Adjusted Value Recognised on	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R		
		Merger Date R	on Merger Date R	Merger Date R
	ASSETS			
	Non-Current Assets	2 290 149 345	512 125	2 290 661 470
	Property, plant and equipment	1 706 175 191	4 684 826	1 710 860 017
	Intangible assets	5 111 546	(901 808)	4 209 738
	Investment property	574 342 193	(3 270 893)	571 071 299
	Heritage assets	4 509 475	-	4 509 475
	Non-current receivables	10 941	-	10 941
	Current Assets	125 656 755	1 230 451	126 887 206
	Inventory	12 131 801	-	12 131 801
	Trade receivables from exchange transactions	59 509 288	-	59 509 288
	Trade receivables from non-exchange transactions	28 786 158	409 574	29 195 733
	Other receivables	4 843 991	789 385	5 633 376
	Unpaid conditional grants and receipts	4 058 380	-	4 058 380
	Cash and cash equivalents	16 280 695	31 492	16 312 187
	Current portion of receivables	12 092	-	12 092
	Operating Lease Receivables	34 349	-	34 349
	TOTAL ASSETS	2 415 806 100	1 742 575	2 417 548 675
	NET ASSETS AND LIABILITIES			
	Non-Current Liabilities	243 631 304	(881 350)	242 749 953
	Non-current borrowings	113 653 970	(881 350.79)	112 772 620
	Employee benefits	95 753 638	-	95 753 638
	Non-current provisions	34 223 695	-	34 223 696
	Current Liabilities	181 383 072	(2 621 246)	178 761 826
	Current portion of borrowings	11 081 698	-	11 081 698
	Consumer deposits	11 814 691	(65 154)	11 749 536
	Current employee benefits	4 029 522	-	4 029 522
	Provisions	25 963 342	-	25 963 342
	Trade and other payables	108 243 091	286 431	108 529 521
	Unspent conditional grants and receipts	14 508 264	(2 856 715)	11 651 549
	VAT payable	1 884 070	(34 212)	1 849 858
	Finance Lease Liability	-	48 405	48 405
	Bank overdraft	3 858 395	-	3 858 394
	Net Assets	1 990 791 724	5 245 173	1 996 036 897
	Accumulated surplus / (deficit)	1 990 791 724	5 245 173	1 996 036 897
	TOTAL NET ASSETS AND LIABILITIES	2 415 806 100	1 742 577	2 417 548 676
	DETAILS OF ADJUSTMENTS TO CARRYING VALUE ON MERGER DATE			
33.01	PROPERTY PLANT AND EQUIPMENT			

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Correction of other assets not previously recognised (//Khara Hais Local Municipality) - refer to note 33.13	491 228
	Correction of accumulated depreciation on other assets not previously recognised (//Khara Hais Local Municipality) - refer to note 33.13	(93 228)
	Correction of other assets incorrectly capitalised (//Khara Hais Local Municipality) - refer to note 33.09	(8 049)
	Correction of infrastructure incorrectly capitalised (//Khara Hais Local Municipality) - refer to note 33.09	(52 487)
	Correction of PPE at Cost incorrectly disclosed (Mier Local Municipality) - refer to note 33.01	(34 555)
	Correction of accumulated depreciation of PPE incorrectly disclosed (Mier Local Municipality) - refer to note 33.01	34 555
	Correction of landfill sites not previously capitalised (//Khara Hais Local Municipality) - refer to note 33.13	5 783 234
	Correction of accumulated depreciation on landfill sites not previously recognised (//Khara Hais Local Municipality) - refer to note 33.13	(1 435 873)
	Total Adjustment on Merger Date	4 684 826
33.02	INTANGIBLE ASSETS	
	Correction of accumulated depreciation incorrectly calculated (Mier Local Municipality) - refer to note 33.13	(901 809)
	Total Adjustment on Merger Date	(901 809)
33.03	INVESTMENT PROPERTY	
	Correction of investment property already disposed and incorrectly disclosed as assets (//Khara Hais Local Municipality) - refer to note 33.13	(3 262 893)
	Correction of investment property already disposed and incorrectly disclosed as assets (Mier Local Municipality) - refer to note 33.13	(8 000)
	Total Adjustment on Merger Date	(3 270 893)
33.04	TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	
	Khotso Pula Nala EPWP Grant incorrectly included as Unpaid Conditional Grants and Receipts (Mier Local Municipality) - refer to note 33.1	(2 866 226)
	Recognition of Debtors on erven sold - not previously disclosed as identified by AG U900(//Khara Hais Local Municipality) - refer to note 33.13	3 275 800
	Total Adjustment on Merger Date	409 574
33.05	OTHER RECEIVABLES	
	Recognition of Other Receivables for VAT Receivabel not previously recognised (Mier Local Municipality) - refer to note 33.13	789 385
	Total Adjustment on Merger Date	789 385
33.06	CASH AND CASH EQUIVALENTS	
	Correction of outstanding cheque for expenditure not previously recognised in the cash book (Mier Local Municipality) - refer to note 33.13	(400)
	Correction of Cash on hand for agency fees not previously accrued (//Khara Hais Local Municipality) - refer to note 33.13	31 892

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Total Adjustment on Merger Date	31 492
33.07	NON-CURRENT BORROWING	
	Correction of incorrectly disclosure of Non-Current Borrowing due to incorrectly interest calculation (//Khara Hais Local Municipality) - refer to note 33.13	(881 351)
	Total Adjustment on Merger Date	(881 351)
33.08	CONSUMER DEPOSITS	
	Derecognition of deposits of the Eiland Resort incorrectly disclosed as consumer deposits (//Khara Hais Local Municipality) - refer to note 33.13	(64 478)
	Derecognition of deposits of Philandersbron and Swartkopdam incorrectly disclosed as consumer deposits (Mier Local Municipality) - refer to note 33.13	(676)
	Total Adjustment on Merger Date	(65 154)
33.09	TRADE AND OTHER PAYABLES	
	Correction of AON (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(102 560)
	Correction of Magdaleen Iqbal incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(1 500)
	Correction of J van der Westhuizen incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(230)
	Correction of Welkom Kafee incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(334)
	Correction of G Strauss incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(1 200)
	Correction of J A van der Byl incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(1 000)
	Correction of Worley Parsons (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(141 504)
	Correction of Vodacom Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(4 738)
	Correction of R D Mienies incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(7 500)
	Correction of Z Springbok incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(450)
	Correction of Kalahari Information Centre incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(63 198)
	Correction of Vox Telecom incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(93)
	Correction of Becker, Bergh & Moore Ing incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(26 662)
	Correction of Water Affairs incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(39)
	Correction of Bytes Universal Systems incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(245)
	Correction of C B Vaalbooi not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	1 900
	Correction of Jam Tech previously incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	9 771
	Correction of Kalahari-Wes Watervruiersvereniging not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	58 084
	Correction of Telkom not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	15 620
	Correction of M Dodds not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	2 650

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Correction of N van Zyl not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	450
	Correction of Mier Municipality not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	1 323
	Correction of J Basson not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	115
	Correction of J Willemse not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	3 948
	Correction of Nashua Mobile incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(6 784)
	Correction of Pro-Truck, Car and Tractor Repairs incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(114 533)
	Correction of immaterial difference between creditors' age analysis and creditors' general ledger (Mier Local Municipality) - refer to note 33.13	(68)
	Recognition of Truvelo Manufactures (Pty) Ltd not previously recognised as Trade and Other Payables (//Khara Hais Local Municipality) - refer to note	679 137
	Reclassification of Homestay Funding incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.1	(137 829)
	Correction of Office of the Compensation Commissioner incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(29 450)
	Correction of Transmitter Magic CC incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	(1 368)
	Recognition of ZFM not previously recognised as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	156 000
	Recognition of B Ntaka not previously recognised as Trade and Other Payables (//Khara Hais Local Municipality) - refer to note 33.13	1 039
	Recognition of G Kuhn not previously recognised as Trade and Other Payables (//Khara Hais Local Municipality) - refer to note 33.13	10 246
	Correction of other assets incorrectly provided for as Trade and Other Payables (//Khara Hais Local Municipality) - refer to note 33.01	(9 176)
	Correction of infrastructure incorrectly provided for as Trade and Other Payables (//Khara Hais Local Municipality) - refer to note 33.01	(59 835)
	Recognition of councillors remuneration as Trade and Other Payables as identified by AG (//Khara Hais Local Municipality) - refer to note 33.13	56 446
	Total Adjustment on Merger Date	286 430
33.10	UNSPENT CONDITIONAL GRANTS AND RECEIPTS	
	Khotso Pula Nala EPWP Grant incorrectly included as Unpaid Conditional Grants and Receipts (Mier Local Municipality) - refer to note 33.13	(2 866 226)
	Reclassification of Homestay Funding incorrectly disclosed as Trade and Other Payables instead of Unspent Conditional Grants and Receipts (Mier Local Municipality) - refer to note 33.09	137 829
	Grant Expenditure was not previously recognised against the MIG grant (//Khara Hais Local Municipality) - refer to note 33.13	(128 319)
	Total Adjustment on Merger Date	(2 856 715)
33.11	VAT PAYABLE	
	Correction of Becker, Bergh & Moore Ing incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	3 274
	Correction of Bytes Universal Systems incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	30
	Correction of Jam Tech previously incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(1 200)
	Correction of Kalahari-Wes Watervruiersvereniging not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(7 133)

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Correction of Telkom not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(863)
	Correction of Mier Municipality not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	777
	Correction of VAT not calculated on Vox Telecom incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	11
	Correction of Nashua Mobile incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	833
	Correction of VAT not calculated on AON (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	12 595
	Correction of VAT not calculated on Worley Parsons (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	17 378
	Correction of VAT not calculated on Vodacom Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	582
	Correction of Pro-Truck, Car and Tractor Repairs incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.13	14 065
	Recognition of VAT on Truvelo Manufactures (Pty) Ltd not previously recognised (//Khara Hais Local Municipality) - refer to note 33.13	(89 697)
	Recognition of VAT on Rental of Facilities at Eiland Resort (//Khara Hais Local Municipality) - refer to note 33.13	7 919
	Recognition of VAT on rent paid to G Kuhn not previously recognised (//Khara Hais Local Municipality) - refer to note 33.13	(1 258)
	Correction of VAT incorrectly recognised on other assets (//Khara Hais Local Municipality) - refer to note 33.13	1 127
	Correction of VAT incorrectly recognised on infrastructure assets (//Khara Hais Local Municipality) - refer to note 33.13	7 348
	Total Adjustment on Merger Date	(34 212)
33.12	FINANCE LEASE LIABILITY	
	Correction of finance lease liability not previously recognised (//Khara Hais Municipality) - refer to note 33.01	48 405
	Total Adjustment on Merger Date	48 405
33.13	ACCUMULATED SURPLUS / (DEFICIT)	
	Grant Expenditure was not previously recognised against the MIG grant (//Khara Hais Local Municipality) - refer to note 33.1	128 319
	Correction of AON (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	102 560
	Correction of Magdaleen Iqbal incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	1 500
	Correction of J van der Westhuizen incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	230
	Correction of Welkom Kafee incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	334
	Correction of G Strauss incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	1 200
	Correction of J A van der Byl incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	1 000
	Correction of Worley Parsons (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	141 504
	Correction of Vodacom Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	4 738

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Correction of R D Mienies incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	7 500
	Correction of Z Springbok incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	450
	Correction of Kalahari Information Centre incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	63 198
	Correction of Vox Telecom incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	93
	Correction of Becker, Bergh & Moore Ing incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	23 388
	Correction of Water Affairs incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	39
	Correction of Bytes Universal Systems incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	215
	Correction of C B Vaalbooi not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(1 900)
	Correction of Jam Tech previously incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(8 571)
	Correction of Kalahari-Wes Watervrbruikersvereniging not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(50 951)
	Correction of Telkom not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(14 757)
	Correction of M Dodds not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(2 650)
	Correction of N van Zyl not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(450)
	Correction of Mier Municipality not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(2 100)
	Correction of J Basson not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(115)
	Correction of J Willemse not previously disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(3 948)
	Correction of outstanding cheque for expenditure not previously recognised in the cash book (Mier Municipality) - refer to note 33.06	(400)
	Correction of VAT not calculated on Vox Telecom incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.11	(11)
	Correction of Nashua Mobile incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	5 951
	Correction of VAT not calculated on AON (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.11	(12 595)
	Correction of VAT not calculated on Worley Parsons (Pty) Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.11	(17 378)
	Correction of VAT not calculated on Vodacom Ltd incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.11	(582)
	Correction of Pro-Truck, Car and Tractor Repairs incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	100 467
	Correction of immaterial difference between creditors' age analysis and creditors' general ledger (Mier Local Municipality) - refer to note 33.09	68
	Recognition of expenditure due to Truvelo Manufactures (Pty) Ltd not previously recognised (//Khara Hais Local Municipality) - refer to note 33.09	(146 617)
	Recognition of Income on Rental of Facilities at Eiland Resort not previously recognised (//Khara Hais Local Municipality) - refer to note 33.08	56 559
	Derecognition of deposits of Philandersbron and Swartkopdam incorrectly disclosed as consumer deposits (Mier Local Municipality) - refer to note 33.08	676
	Recognition of Other Receivables for VAT Receivabel not previously recognised (Mier Local Municipality) - refer to note 33.05	789 385
	Correction of Office of the Compensation Commissioner incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	29 450
	Correction of Transmitter Magic CC incorrectly disclosed as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	1 368
	Recognition of ZFM not previously recognised as Trade and Other Payables (Mier Local Municipality) - refer to note 33.09	(156 000)

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Correction of Cash on hand for agency fees not previously accrued (//Khara Hais Local Municipality) - refer to note 33.06	31 892
	Correction of accumulated depreciation incorrectly calculated (Mier Municipality) - refer to note 33.02	(901 809)
	Correction of incorrectly disclosure of Non-Current Borrowing due to incorrectly interest calculation (//Khara Hais Local Municipality) - refer to note 33.07	881 351
	Correction of accumulated depreciation on other assets not previously recognised (//Khara Hais Municipality) - refer to note 33.01	(93 228)
	Correction of investment property already disposed and incorrectly disclosed as assets (//Khara Hais Local Municipality) - refer to note 33.03	(3 262 893)
	Correction of investment property already disposed and incorrectly disclosed as assets (Mier Local Municipality) - refer to note 33.03	(8 000)
	Recognition of B Ntaka not previously recognised as Trade and Other Payables (//Khara Hais Local Municipality) - refer to note 33.09	(1 039)
	Recognition of G Kuhn not previously recognised as Trade and Other Payables (//Khara Hais Local Municipality) - refer to note 33.09	(8 988)
	Recognition of revenue on erven sold - not previously disclosed as identified by AG (//Khara Hais Local Municipality) - refer to note 33.04	3 275 800
	Recognition of councillors remuneration I1090as identified by AG (//Khara Hais Local Municipality) - refer to note 33.09	(56 446)
	Correction of landfill sites not previously capitalised (//Khara Hais Local Municipality) - refer to note 33.01	5 783 234
	Correction of accumulated depreciation on landfill sites not previously recognised (//Khara Hais Local Municipality) - refer to note 33.01	(1 435 873)
	Total Adjustment on Merger Date	5 245 173
34	RETIREMENT BENEFIT INFORMATION	
	Several councillors and employees belong to retirement and pension funds approved by the South African Local Government Bargaining Council. These funds are subject to regular actuarial valuation. These funds are run by their own Board of Directors and each fund have their own rules, compliant to legislation, that they must adhere to.	
35	ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT	
35.01	Contributions to Organised Local Government	
	Opening Balance	2 415 578
	Council Subscriptions	3 723 102
	Amount Paid - Current Year	(3 648 150)
	Balance Unpaid (Included in Creditors)	2 490 530
35.02	Audit Fees	
	Opening Balance	5 637 059
	Current Year Audit Fees	7 728 921
	Amount Paid - Current Year	(9 442 254)
	Balance Unpaid (Included in Creditors)	3 923 726
35.03	VAT	
	VAT input receivables and VAT output receivables are shown in note 17. All VAT returns have been submitted by the due date throughout the year.	
35.04	PAYE	

Notes to the Financial Statements for the Period Ended 30 June 2017

	6 August 2016 - 30 June 2017 2017																
35.08 Irregular Expenditure																	
Reconciliation of irregular expenditure:																	
Opening balance	72 642 463																
Transferred from //Khara Hais Local Municipality	15 411 054																
Transferred from Mier Local Municipality	<u>57 231 409</u>																
Irregular expenditure current year	11 749 741																
Written Off by Council	(82 675 201)																
Irregular expenditure awaiting further action	<u><u>1 717 003</u></u>																
<table border="1"><thead><tr><th>Incident</th><th>Disciplinary steps/criminal proceedings</th></tr></thead><tbody><tr><td><i>Suppliers not registered on CSD</i></td><td><i>None</i></td></tr><tr><td><i>Supplier in service of the State</i></td><td><i>None</i></td></tr></tbody></table>	Incident	Disciplinary steps/criminal proceedings	<i>Suppliers not registered on CSD</i>	<i>None</i>	<i>Supplier in service of the State</i>	<i>None</i>											
Incident	Disciplinary steps/criminal proceedings																
<i>Suppliers not registered on CSD</i>	<i>None</i>																
<i>Supplier in service of the State</i>	<i>None</i>																
	516 008																
	1 200 995																
	<u><u>1 717 003</u></u>																
Deviations Approved:	<table border="1"><thead><tr><th>Reasons</th><th>Amount</th></tr></thead><tbody><tr><td>ACTOM</td><td>3 851 829</td></tr><tr><td>AAD DRIVETRAIN SYSTEMS (PTY) LTD</td><td>10 251</td></tr><tr><td>AD ELEKTRIES BK</td><td>22 660</td></tr><tr><td>ADVANCED COMPUTER SOLUTIONS (PTY) LTD</td><td></td></tr><tr><td>T/A CADDIE</td><td>28 400</td></tr><tr><td>AGRICO (PTY) LTD</td><td>43 516</td></tr><tr><td>UPINGTON RATKASSENTRUM</td><td>224 209</td></tr></tbody></table>	Reasons	Amount	ACTOM	3 851 829	AAD DRIVETRAIN SYSTEMS (PTY) LTD	10 251	AD ELEKTRIES BK	22 660	ADVANCED COMPUTER SOLUTIONS (PTY) LTD		T/A CADDIE	28 400	AGRICO (PTY) LTD	43 516	UPINGTON RATKASSENTRUM	224 209
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DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	DUCHARME CONSULTING (PTY) LTD	ANNUAL LICENCE FEE AND MOVABLE ASSETS 968 927
	BARLOWORLD EQUIPMENT SOUTH AFRICA	PARTS ONLY AVAILABLE AT AGENT 205 399
	BLV SWEISWERKE (EDMS) BPK	STRIP & QUOTE 12 665
	OMEGA FIRE AND SECURITY CC	SUPPLIER OF BIOMETRIC SYSTEM 26 176
	FIT - IT	HERSTEL VOERTUIG IN MIER 109 949
	DDP VALUER	VALUATION OF PLOTS 467 684
	HUBNER TRUCK & BUS CC	STRIP & QUOTE 12 506
	LIEBHERR-AFRICA (PTY) LTD	PARTS ONLY AVAILABLE AT AGENT 113 399
	D HYDRAULIC CENTRE	STRIP & QUOTE 85 156
	LECFLO CC	STRIP & QUOTE 145 149
	UPINGTON ALTERNATORS & REWINDS CC	STRIP & QUOTE 169 031
		MODIFICATION TO THE 20 MVA TRANSFORMATOR AT ALPHA SUB STATION 458 820
	POWERTECH TRANSFORMERS	STRIP & QUOTE 871 845
	C-PAC PUMPS & VALVES	PARTS ONLY AVAILABLE AT AGENT 143 204
	ORANJE MEGANIES EDMS BPK	PARTS ONLY TWO SUPPLIERS WILLING TO PROVIDE QUOTE 23 941
	WALKER MIDAS	STRIP & QUOTE 22 594
	WALKER INDUSTRIA	SUPPLIER INSTALLED THE EXISTING EQUIPMENT 28 301
	VECTO TRADE 59 (PTY) LTD	REPAIR TO THE 20 MVA TRANSFORMATOR AT ALPHA SUB STATION 1 047 585
	REINHAUSEN SOUTH AFRICA PTY LTD	SOFTWARE SPESIFIC COMPONENT 53 562
	SPECTRUM COMMUNICATIONS (PTY) LTD	PARTS ONLY AVAILABLE AT AGENT 149 587
	KOMATSU SA (PTY)LTD	PARTS ONLY AVAILABLE AT AGENT 84 182
	GORDONIA MOTORS	TRACKING RENTAL 195 064
	ALTECH NETSTAR (PTY) LTD	SOLE SERVICE PROVIDER 310 756
	CARPE DIEM	WATER SAMPLING 549 350
	DIETRICH VOIGT MIA INC	SOLE SERVICE PROVIDER 4 687 212
	WATER AFFAIRS	
	SOUTH AFRICAN BROADCASTING CORPORATION	SOLE SERVICE PROVIDER 22 737
	RADIO RIVERSIDE	SOLE SERVICE PROVIDER 11 400
	BOEGOEBERG WATERGEBRUIKERSVERENING	SOLE SERVICE PROVIDER 224 669
	SOUTH AFRICAN POST OFFICE LTD	SOLE SERVICE PROVIDER 991 104
	ELSTER KENT METERING (PTY) LTD	SOFTWARE SPESIFIC COMPONENT 1 774 670
	ELSTER SOLUTIONS PTY LTD	SOFTWARE SPESIFIC COMPONENT 27 189
	SALGA	MEMBERSHIP FEE 3 723 102
	WOLTERS KLUWER	TEAMMATE SOFTWARE 100 275
	LEXISNEXIS	ELECTRONIC ACCESS TO LAW AND REGULATIONS 53 211
		SUPPLYING OF LEGAL ADVICE AND HANDELING OF ARBITRATION 51 628
	GAURDIAN LEGAL AND COMPLIANCE SERVICE	BIQ LICENCE FEE-SUPPLIER OF BIQ FINANCIAL SYSTEM 1 191 061
	QUILL ASSOCIATES	LICENSE AND SERVICE FEE 55 503
	TOTAL CLIENT SERVICES LIMITED	IMIS SUPPORT & MAINTENANCE 3 328 273
	TOTAL GEO-SPATIAL INFORMATION SOLUTIONS	IBM MAINTENANCE ONLY BY IBM 20 576
	IBM SOUTH AFRICA (PTY) LTD	PARTS ONLY AVAILABLE AT AGENT 213 311
	ZELCO MOTORS (EDMS) PTY	LEGAL WORK 648 575
	BECKER BERGH & MORE	LEGAL WORK 17 152
	L&V PROKUREURS	LEGAL WORK 78 450
	PM VENTER	ADVERTISEMENTS - GOVERNMENT NEWSPAPER FORUM 77 961
	INISWA PROMOTIONS	SOLE PUBLICIST OF GOVERNMENT GAZETTES - APPROVED 284 000
	GOVERNMENT PRINTING WORKS	EMERGENCY SITUATION AT CHALIE SUB STATION 397 118
	EMC ELECTRICAL RETICULATION (PTY) LTD	MAINTANANCE OF TARE ROADS 49 638
	POORT BETON (EDMS) BPK	
	EQUIPMENT SPARE PARTS AFRICA (PTY) LTD	PART 6D6339 DISCONTINUED 21 845
	ALTRON TMT	JOBS DONE AT MIER MUNICIPALITY 158 764
		TRAINING IN PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS 12 540
	MUBEKO AFRICA	SOLE SERVICE PROVIDER 182 502
	MULTICHOICE	SEWERAGE CONNECTION AND REPLACEMENT OF MANHOLE COVER 21 888
	ROCLA (PTY) LTD	PEACEOFFICERS 77 554
	MOLAO ACADEMY	SINGLE SERVICE PROVIDER 27 679
	THE INSTITUTE OF INTERNAL AUDITORS	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	GB HERSTELDIENSTE	58 599
	GIJIMA AST GROUP LTD	56 454
	NOORDWES KOERANTE EDMS BPK	39 250
	PITNEY BOWES SA (PTY) LTD	10 397
	AQUATAN LINING SYSTEM	101 953
	REDIRA CLOTHING CC	23 695
	KLK LANDBOU BEPERK	56 931
	GW WASTE REMOVAL	30 000
	DK GENERAL TRADERS (PTY)LTD	73 500
	FJ BOK GENERAL TRADERS (PTY) LTD	84 000
	UPINGTON TREKKERS	20 301
	KAAP AGRI BEDRYF BEPERK	52 349
	TRICOM AFRICA	38 286
	CAZZ ELECTRONICS AND COMPUTER SERVIC	21 540
	UPINGTON MOTOR ONDERDELE	440 912
	JAM STATIONERS	27 684
	TOSAS (PTY) LTD	44 460
	GWK BPK	22 616
	EOH LEGAL SERVICES	29 982
	VOLTEX (PTY) LTD	41 405
	GORDONIA VERKOELINGSDIENSTE BK	10 029
	SKCC HOLDINGS PTY LTD	90 186
	MITCHELL MUNCK (PTY) LTD	83 449
	UPINGTON GLASWERKE BK	11 417
	TRUVELO MANUFACTURERS (PTY) L	13 348
	FG UNIFORMS CC	57 817
	WESNO VERWE BK.	54 112
	MOTOLEK & BATTERY CENTRE	43 726
	WESSELS EN SMITH INGELYF	37 952
	COMMERCE EDGE SOUTH AFRICA	48 701
	GM JANUARIE	21 604
	REPRA CC	124 165
	ALS RENTALS(NORTH CAPE) PTY L	25 080
	SUMMAT TRAINING INSTITUTE	10 830
	ONE PANGAEA FINANCIAL	59 280
	BUILDERS TRADE DEPOT (PTY) LT	64 000
	FP SMIT	11 742
	OTIS (PTY) LTD	11 433
	UPINGTON TOYOTA (EDMS)BPK	41 897
	VISPA MEUBELS	11 400
	HESHAAM PATEL	29 000
	ZENITH MINING & INDUSTRIAL	11 317
	LUTZ & VAN ZYL LANDMETERS	33 055
	IDADA TRADING 5 (PTY) LTD	10 569
	TRANS ORANJE DRUKKERS EIENDOM	73 609
	UPINGTON BESPROEINGSRAAD	34 252
	STEINER HYGIENE (PTY) LTD	24 635
	AQUA AGRI SOLUTIONS	22 269
	G KUHN	40 837
	THE KEY MASTER GENERAL	22 000
	MALAN & VENNOTE	12 954
	UNIVERSITY OF STELLENBOSCH	30 582
	EUROPCAR SOUTH AFRICA	24 148
	BROOM ENGINEERING CC	10 752
	BELL EQUIPMENT CO. S.A. (PTY)	10 565
	READY BOARDS	
	SERVICE LEVEL AGREEMENT - TELEPHONE SYSTEM	
	LOCAL NEWSPAPER	
	SERVICE LEVEL AGREEMENT - FRANKING MACHINE	
	REPAIR OF KEIDEBEES RESERVOIR	
	UNIFORM FOR SECURITY GUARDS	
	PURCHASES OF FUEL	
	REFUSE REMOVAL GROOT EN KLEIN MIER	
	REFUSE REMOVAL SWARTKOPDAM	
	REFUSE REMOVAL NOENIEPUT	
	STRIP & QUOTE	
	WATER TANKS FOR THE SUPPLY OF WATER TO THE COMMUNITIES	
	ELECTRICAL, MECHANICAL INSPECTION & REPORT ON NEW ABS/SULZER 200KW PUMP UNIT	
	STRIP & QUOTE	
	STRIP & QUOTE	
	PURCHASES OF STATIONERY FOR THE SATELITE OFFICE IN RIETFontein	
	MAINTANANCE OF TARE ROADS	
	PARTS ONLY AVAILABLE AT AGENT	
	LEGAL WORK	
	REPAIRE WORK TO THE EILAND	
	STRIP & QUOTE	
	STRIP & QUOTE	
	SOLE SUPPLIER AND SERVICE PROVIDER	
	BULLET PROOF WINDOW FOR CASHIERS	
	SERVICE & CALIBRATION:SINGLE SERVICE PROVIDER	
	UNIFORMS REQUIRED URGENTLY FOR NEW TRAFFIC WARDENS	
	PURCHASE OF ROAD MARK MATERIALS- TECHNICAL SECTION- TRAFFIC DEPT.	
	STRIP & QUOTE	
	LEGAL WORK	
	SMART PROCURMENT CONFERENCE - CAPE TOWN	
	SERVICE TO MIER MUNICIPALITY	
	SERVICE CONTRACT - PHOTOCOPY MACHINE	
	RENTAL OF LOWBED	
	TRAINING PROVIDED TO OTHER MUNIS IN UPT NO S&T COS	
	GRAP19 LANDFILL SITE REPORT UPDATE.	
	MAINTANANCE OF TARE ROADS	
	STRIP & QUOTE	
	SERVICE CONTRACT - ELIVATOR	
	PARTS ONLY AVAILABLE AT AGENT	
	ONLY SUPPLIER ON CSD - PURCHASING OF TV	
	PURCHASE OF FIREWORKS FOR THE CAROL BY CANDLELIGHT	
	AGENTS FOR VEHICLE	
	SUB DIVIDING PLOTS	
	COLLAPSE OF RAW WATER ABSTRACTION POINT - LESEDING	
	PURCHASING A4 004 PAYSLEIPS	
	SOLE SERVICE PROVIDER	
	SHE BINS FOR EILAND	
	STRIP & QUOTE	
	HIRING NETWORK TOWER	
	NYLON PADLOCKS WITH STAINLESS STEEL SHACKLES	
	LEGAL WORK	
	MINIMUM COMPETENCY LEVEL TRAINING	
	CAR HIRE FOR THE MAYOR	
	STRIP & QUOTE	
	PARTS ONLY AVAILABLE AT AGENT	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note		Description	6 August 2016 - 30 June 2017 2017 R
		WORKSHOP ELECTRONICS CC CTE WATER TECH WERNER SOUTH AFRICA PUMPS & EQUIPMEN MAGKON INGENIEURSWERKE BK. KALAHARI-OOS WATERVERBRUIKERS ONTECH SYTEMS (PTY)LTD	MANAGEMENT REP COUSE - MNRE WITBOOI EN TOLL INSPECT,CALIBRATE +CERT - CTE/HACH INSTRUMENTS PARTS ONLY AVAILABLE AT AGENT STRIP & QUOTE SOLE SERVICE PROVIDER TELEPHONE SYSTEM

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R																				
Note	Description																					
		105 621 658																				
35.11	Non-Compliance with the Municipal Finance Management Act, Municipal Systems Act, Supply Chain Management Act and Minimum Competency Levels The following non-compliances with the Municipal Finance Management Act occurred during the year under review: Section 15: Unauthorised, irregular and fruitless and wasteful expenditure other losses were not prevented; Section 62(1)(d): Unauthorised, irregular and fruitless and wasteful expenditure other losses were not prevented; Section 65(2): Creditors not paid within 30 days;																					
36	RELATED PARTIES																					
36.01	Related party relationships exist between the municipality and the following parties: Mayor, Speaker , Councillors, Municipal Manager and Section 57 Managers. Related party transactions for municipal services During the year the municipality rendered services to the following related parties that are related to the municipality as indicated <table><tr><td>30 June 2017</td><td>Rates</td><td>Services charges & Other levies</td><td>Total 30 June 2017</td></tr><tr><td>Services rendered to related parties:</td><td></td><td></td><td></td></tr><tr><td>Councillors</td><td>28 929</td><td>111 424</td><td>140 353</td></tr><tr><td>Municipal Manager & Sect 57 appointments</td><td>38 526</td><td>94 896</td><td>133 422</td></tr><tr><td></td><td>67 454</td><td>206 320</td><td>273 775</td></tr></table> <i>The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised. The amounts outstanding are unsecured and will be settled in cash. Consumer deposits were received from Councillors, the Municipal Manager and section 57 personnel.</i>		30 June 2017	Rates	Services charges & Other levies	Total 30 June 2017	Services rendered to related parties:				Councillors	28 929	111 424	140 353	Municipal Manager & Sect 57 appointments	38 526	94 896	133 422		67 454	206 320	273 775
30 June 2017	Rates	Services charges & Other levies	Total 30 June 2017																			
Services rendered to related parties:																						
Councillors	28 929	111 424	140 353																			
Municipal Manager & Sect 57 appointments	38 526	94 896	133 422																			
	67 454	206 320	273 775																			
	Related party transactions The following business transactions were concluded with businesses where a councillor or employee are a member or a director of the company. <table><tr><td>Company's Name</td><td>Councillor / Employee</td><td>Total 6 August 2016 - 30 June 2017</td></tr><tr><td>Help-U-Agency</td><td>S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM</td><td>30 000</td></tr><tr><td></td><td></td><td>30 000</td></tr></table> The compensation of key management personnel is set out in note 22		Company's Name	Councillor / Employee	Total 6 August 2016 - 30 June 2017	Help-U-Agency	S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM	30 000			30 000											
Company's Name	Councillor / Employee	Total 6 August 2016 - 30 June 2017																				
Help-U-Agency	S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM	30 000																				
		30 000																				
36.02	Related Party Loans Loans to senior management employees are no longer permitted since 1 July 2004																					
37	CAPITAL COMMITMENTS																					

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note		Description	6 August 2016 - 30 June 2017 2017 R
		Commitments in Respect of Capital Expenditure: Approved and Contracted for -	17 708 051
		Infrastructure	11 379 536
		Community	608 709
		Other	5 719 806
		This expenditure will be financed from: Approved and Contracted for -	17 708 051
		Public Contributions & Donations	22 400
		Government Grants	10 226 000
		Own Resources	7 459 651
		Above amounts are excluding of VAT.	
38		CONTINGENT LIABILITIES	1 340 600
		Luruma One, Lumber City / Aristia 98 CC / Dawid Kruiper Municipality / Keitumetse Judia	370 600
		Claim for outstanding payment. The matter was defended. The plaintiff has not applied for a trial date. The outcome of the appeal is still uncertain.	
		Dawid Kruiper Municipality / S Magodongo	800 000
		Claim for unlawful dismissal. The outcome of the matter is still uncertain.	
		//Khara Hais Municipality / Oranje Watersport CC	170 000
		Claim against municipality regarding disposal of erf. The matter is defended. The outcome of the case is still uncertain.	
		Landfill Site and Quarries	-
		Currently the municipality is not complying with the National Environmental Management: Waste Management Act as the Municipality is operating a landfill site and quarries without licenses as required by Section 68(1) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008).	
		In terms of Section 68(1) of the Waste Management Act of the municipality might receive a penalty of R 100 000 for not having a license to operate a landfill site. As per previous guidance it was decided not to disclose an amount as this fines was not allocated to any municipality in the past.	
		In accordance with Section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), a person convicted of an offence referred to in Section 67 (1)(a), (g) or (h) is liable to a fine not exceeding R 10 000 000 or to imprisonment for a period not exceeding 10 years, or to both such fine and such imprisonment, in addition to any other penalty or award that may be imposed or made.	
39		CONTINGENT ASSET	5 244 000
		Dawid Kruiper Municipality / Brainstorm Media House	-

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	<p><i>The matter was finalised. The Judgement was granted against the defendant. The warrant of execution against the property of the defendant was issued. The return thereof was negative as the company has no assets. Subsequent options are still being considerate.</i></p> <p>Cape Town Community Housing Company</p> <p><i>Amount receivable as purchase price before the completion date of transfer of the last housing units to purchasers as per contract signed during July 2011.</i></p>	<p>5 244 000</p> <hr/>
40	<p>COMPARISON WITH THE BUDGET</p> <p>The municipality's actual financial performance compared with the approved budgeted is set out in the budget comparison sheets.</p>	
41	<p><u>Distribution Losses:</u></p>	
41.01	<p><u>Electricity</u></p> <p>Electricity distribution losses comprises of technical and non-technical losses.</p> <p>Technical losses, as defined in the NRS 080:2004, are losses on the electrical network due to the resistivity of the conductors and the energisation of transformers. Calculation of the technical losses of the municipal network which consists of urban and rural networks, applying the methodology in the NRS 080:2004, results in an estimated technical loss of 9.25%.</p> <p>Non-technical losses are losses due to theft, faulty meters and billing errors and is calculated by subtracting technical losses from the total losses.</p> <p>A total of 188 876 237 kWh were purchased and a total of 172 884 941 kWh were sold. Therefore a distribution loss of 15 991 296 kWh or 8.47%, which is below the norm of 10% set by National Treasury, was incurred by Dawid Kruiper Municipality for the period from 6 August 2016 to 30 June 2017. The value of these losses at cost price amounts to R 13 584 606.</p>	
41.02	<p><u>Water</u></p> <p>A total of 15 220 501 kl of water were produced and a total of 7 338 059 kl of water were sold. The value of these losses at cost price amounts to R 9 683 218. This figure consist of technical and non-technical losses.</p>	
42	<p>FINANCIAL RISK MANAGEMENT</p> <p>The activities of the municipality expose it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.</p>	
42.01	<p><i>Foreign Exchange Currency Risk</i></p> <p>The Municipality does not engage in foreign currency transactions.</p>	
42.02	<p><i>Price Risk</i></p> <p>the Municipality is not exposed to price risk</p>	
42.03	<p><i>Interest Rate Risk</i></p> <p>As the Municipality has significant interest-bearing assets, the entity's income and operating cash flows are substantially dependent on changes in market</p>	

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R																																								
	<p>interest rates.</p> <p>The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/(deficit) for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.</p> <p>The Municipality did not hedge against any interest rate risks during the current year.</p> <p>The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:</p> <table><tr><td>1% (2017 - 1%) Increase in interest rates</td><td>(689 823)</td></tr><tr><td>0.5% (2017 - 0.5%) Decrease in interest rates</td><td>344 911</td></tr></table>	1% (2017 - 1%) Increase in interest rates	(689 823)	0.5% (2017 - 0.5%) Decrease in interest rates	344 911																																					
1% (2017 - 1%) Increase in interest rates	(689 823)																																									
0.5% (2017 - 0.5%) Decrease in interest rates	344 911																																									
42.04	<p>Credit Risk</p> <p>Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.</p> <p>Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.</p> <p>Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed a crossed different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practise this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.</p> <p>All rates and services are payable within 30 days from invoice date. Refer to note 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.</p> <p>Due to the short term nature of receivables the carrying value disclosed in note 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at a rate approved by Council.</p> <table><tr><th></th><th>6 August 2016 - 30 June 2017 2017</th><th>6 August 2016 - 30 June 2017 2017</th></tr><tr><td>The provision for bad debts could be allocated between the different classes of debtors as follows:</td><td>%</td><td>R</td></tr><tr><td>Non-Exchange Receivables</td><td></td><td></td></tr><tr><td>Rates</td><td>20.65%</td><td>(7 862 866)</td></tr><tr><td>Exchange Receivables</td><td></td><td></td></tr><tr><td>Service Charges</td><td>79.35%</td><td>(30 215 638)</td></tr><tr><td></td><td>100.00%</td><td>(38 078 504)</td></tr></table> <p>Bad debts written off per debtor class:</p> <table><tr><th></th><th>6 August 2016 - 30 June 2017 2017</th><th>6 August 2016 - 30 June 2017 2017</th></tr><tr><td>Non-Exchange Receivables</td><td></td><td></td></tr><tr><td>Fines</td><td>45.62%</td><td>3 957 063</td></tr><tr><td>Exchange and Non-Exchange Receivables</td><td></td><td></td></tr><tr><td>Rates and Service Charges</td><td>54.38%</td><td>4 716 229</td></tr><tr><td></td><td>100.00%</td><td>8 673 292</td></tr></table>		6 August 2016 - 30 June 2017 2017	6 August 2016 - 30 June 2017 2017	The provision for bad debts could be allocated between the different classes of debtors as follows:	%	R	Non-Exchange Receivables			Rates	20.65%	(7 862 866)	Exchange Receivables			Service Charges	79.35%	(30 215 638)		100.00%	(38 078 504)		6 August 2016 - 30 June 2017 2017	6 August 2016 - 30 June 2017 2017	Non-Exchange Receivables			Fines	45.62%	3 957 063	Exchange and Non-Exchange Receivables			Rates and Service Charges	54.38%	4 716 229		100.00%	8 673 292		
	6 August 2016 - 30 June 2017 2017	6 August 2016 - 30 June 2017 2017																																								
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DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

		6 August 2016 - 30 June 2017 2017 R																												
Note	Description																													
	<p>The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.</p> <p>Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions are individually evaluated annually at year end for impairment.</p> <p>Financial assets exposed to credit risk at year end are as follows:</p> <table><tr><td>Receivables from Exchange Transactions</td><td>59 692 657</td></tr><tr><td>Receivables from Non-Exchange Transactions</td><td>11 927 652</td></tr><tr><td>Operating Lease Asset</td><td>92 517</td></tr><tr><td>Cash and Cash Equivalents</td><td>43 754 318</td></tr><tr><td></td><td><u>115 467 144</u></td></tr></table>	Receivables from Exchange Transactions	59 692 657	Receivables from Non-Exchange Transactions	11 927 652	Operating Lease Asset	92 517	Cash and Cash Equivalents	43 754 318		<u>115 467 144</u>	6 August 2016 - 30 June 2017 2017 R																		
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Operating Lease Asset	92 517																													
Cash and Cash Equivalents	43 754 318																													
	<u>115 467 144</u>																													
42.05	<p>Liquidity Risk</p> <p>Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.</p> <p>The entity's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.</p> <p>The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.</p> <table><tr><td></td><td>Less than 1 year</td><td>Between 2 and 5 years</td><td>Between 6 and 10 years</td><td>Over 10 years</td></tr><tr><td>6 August 2016 - 30 June 2017</td><td>113 550 599</td><td>42 417 359</td><td>43 797 386</td><td>17 804 723</td></tr><tr><td>Long Term Liabilities</td><td>8 715 878</td><td>42 417 359</td><td>43 797 386</td><td>17 804 723</td></tr><tr><td>Payables from Exchange Transactions</td><td>85 691 141</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Unspent Conditional Grants and Receipts</td><td>19 143 580</td><td>-</td><td>-</td><td>-</td></tr></table>		Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years	6 August 2016 - 30 June 2017	113 550 599	42 417 359	43 797 386	17 804 723	Long Term Liabilities	8 715 878	42 417 359	43 797 386	17 804 723	Payables from Exchange Transactions	85 691 141	-	-	-	Unspent Conditional Grants and Receipts	19 143 580	-	-	-				
	Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years																										
6 August 2016 - 30 June 2017	113 550 599	42 417 359	43 797 386	17 804 723																										
Long Term Liabilities	8 715 878	42 417 359	43 797 386	17 804 723																										
Payables from Exchange Transactions	85 691 141	-	-	-																										
Unspent Conditional Grants and Receipts	19 143 580	-	-	-																										
43	<p>FINANCIAL INSTRUMENTS</p> <p>In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:</p> <p>43.01 Financial Assets</p> <p>Financial instruments at amortised cost</p> <table><tr><td>Long Term Receivables</td><td>-</td></tr><tr><td>Receivables from Exchange Transactions</td><td>59 692 657</td></tr><tr><td>Receivables from Non-Exchange Transactions</td><td>11 927 652</td></tr><tr><td>Operating Lease Asset</td><td>92 517</td></tr><tr><td>Current Portion of Long Term Receivables</td><td>12 563</td></tr></table>	Long Term Receivables	-	Receivables from Exchange Transactions	59 692 657	Receivables from Non-Exchange Transactions	11 927 652	Operating Lease Asset	92 517	Current Portion of Long Term Receivables	12 563	6 August 2016 - 30 June 2017 2017 R																		
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Receivables from Non-Exchange Transactions	11 927 652																													
Operating Lease Asset	92 517																													
Current Portion of Long Term Receivables	12 563																													

DAWID KRUIPER MUNICIPALITY

Notes to the Financial Statements for the Period Ended 30 June 2017

Note	Description	6 August 2016 - 30 June 2017 2017 R
	Cash and Cash Equivalents	43 754 318
		115 479 708
43.02	Financial Liability	
	Financial instruments at amortised cost	
	Long Term Liabilities	104 020 707
	Payables from Exchange Transactions	85 691 141
	Current Portion of Long Term Liabilities	8 715 878
		198 427 727
44	EVENTS AFTER REPORTING DATE	
44.01	Mr E Ntoba was appointed as Municipal Manager on the 1st of July 2017.	
45	Going Concern	
	Deficit for the year	(11 813 446)
	During the period 2008/2009 to 2009/2010 the Municipality utilised the transitional provisions of Directive 4 issued by the Accounting Standards Board; which allowed the Municipality three years to recognise assets under the previous basis of accounting utilised by Municipalities. However, for the 2010/2011 financial year and retrospectively for two years the Municipality had to apply the new required Accounting Standards to recognise their assets. The result was that these assets were recognised at its current depreciated replacement cost; which resulted in a significant increase in the accumulated surplus. Due to the significant increase in the value of assets; depreciation subsequently increased as well. Thus, although the increase in depreciation has resulted in a deficit, this deficit is set-off against the large accumulated surplus that has been created. The off-setting depreciation must go – according to the approved GRAP Accounting Standards – through the Statement of Financial Performance and may not be off-set directly against the Statement of Changes in Net Assets. The deficit is thus funded by the accumulated surplus in the Statement of Changes in Net Assets; and, thus this will influence the setting of tariffs in the future.	
	Current Assets less current liabilities	(55 347 632)
	It is noted with real concern that the current assets is R 55 347 632 less than the current liabilities. Management are looking at ways to that will improve our current ratio of 0.70:1 to a more favourable current ratio of 1:1.	
	As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.	
	Due to the financial position of the municipality, management decided that no new loans will be raised. Counter funding on projects will funded through own generated funds. Capital projects where counter funding is required will be limited to service delivery projects. As current loans are being paid up our liability will decrease and our financial position will stabilise.	
	Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.	

DAWID KRUIPER MUNICIPALITY

APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017

External Loans	Loan Number	Redeemable	Loan term	Interest Rate (Fixed)	Balance at 06/08/2016	Carrying Value Adjustment	Received During the Period	Other Costs	Interest Levied	Redeemed During the Period	Balance at 30/06/2017
					R		R			R	R
Annuity Loans											
Development Bank of SA	6100-3172	31/03/2019	20 years	16.50%	7 860 282	-	-	-	1 097 918	(2 144 104)	6 814 097
Development Bank of SA	6100-0766	31/12/2015	7 years	12.98%	492 499	-	-	-	32 104	(524 604)	-
Development Bank of SA	6100-0764	31/12/2028	20 years	12.59%	39 588 476	-	-	-	4 433 900	(5 531 272)	38 491 103
Development Bank of SA	6100-0765	31/12/2023	15 years	6.75%	29 466 136	-	-	-	1 727 965	(4 036 614)	27 157 486
Development Bank of SA	EXL 2	30/06/2020	20 years	5.50%	686 546	-	-	-	33 754	(217 049)	503 250
Standard Bank	310-634-334	20-01-2017	5 years	10.00%	3 611 223		-	(12 512)	103 301	(3 702 012)	-
Standard Bank	310-840-708	31-12-2027	15 years	11.35%	43 030 507	(881 351)	-	1 239	4 202 488	(6 582 234)	39 770 650
TOTAL EXTERNAL LOANS					124 735 668	(881 351)	-	(11 273)	11 631 430	(22 737 888)	112 736 586

DAWID KRUIPER MUNICIPALITY

APPENDIX B: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2017

	Restated Opening Balance	Cost / Revaluation			Restated Opening Balance	Accumulated Depreciation				Carrying Value
		Additions	Disposals	Closing Balance		Additions	Disposals	Impairment	Closing Balance	
<u>Land and Buildings</u>										
Land and Buildings	258 926 699	70 442	-	258 997 141	(57 008 390)	(5 520 751)	-	-	(62 529 141)	196 468 000
	258 926 699	70 442	-	258 997 141	(57 008 390)	(5 520 751)	-	-	(62 529 141)	196 468 000
<u>Infrastructure</u>										
Roads and Storm Water	705 336 901	12 258 335	(1 178 837)	716 416 399	(185 941 275)	(22 287 710)	602 603	-	(207 626 381)	508 790 018
Electricity	418 922 667	19 930 044	(6 002 876)	432 849 835	(114 168 626)	(14 109 990)	1 237 274	-	(127 041 342)	305 808 493
Sewerage and Sanitation	199 034 216	2 892 903	-	201 927 119	(75 422 135)	(21 295 216)	-	-	(96 717 351)	105 209 768
Water Mains & Purification	572 183 653	3 928 760	(195 407)	575 917 006	(157 878 038)	(15 818 137)	135 386	-	(173 560 789)	402 356 217
Solid waste	226 168	63 962 635	-	64 188 803	(38 221)	(16 413)	-	-	(54 634)	64 134 169
Railway infrastructure	12 358 701	-	-	12 358 701	(10 009 312)	(1 113 976)	-	-	(11 123 288)	1 235 413
Airport	521 213	-	-	521 213	(218 805)	(93 961)	-	-	(312 766)	208 447
Communication	95 073	-	-	95 073	(19 810)	(2 205)	-	-	(22 015)	73 058
Fuel Equipment	1 685 981	-	-	1 685 981	(16 258)	(76 267)	-	-	(92 526)	1 593 455
Quarry Site	21 372 115	83 613 226	-	104 985 341	-	-	-	-	-	104 985 341
	1 931 736 687	186 585 903	(7 377 120)	2 110 945 470	(543 712 481)	(74 813 874)	1 975 263	-	(616 551 092)	1 494 394 378

Community assets

Other Community Assets	5 309 219	592 374	-	5 901 593	(300 383)	(161 072)	-	-	(461 454)	5 440 138
Graveyard Site	9 986 738	-	-	9 986 738	(2 926 565)	(335 933)	-	-	(3 262 498)	6 724 240
Recreational Facility	37 258 600	2 706 032	-	39 964 633	(12 755 952)	(1 396 472)	-	-	(14 152 424)	25 812 209
Sporting Facility	43 335 490	481 345	(192 713)	43 624 122	(11 689 412)	(1 506 179)	69 559	-	(13 126 032)	30 498 090
	95 890 047	3 779 751	(192 713)	99 477 085	(27 672 311)	(3 399 656)	69 559	-	(31 002 408)	68 474 677

Other Assets

Vehicles	51 660 220	1 588 088	(88 900)	53 159 408	(25 777 812)	(4 805 809)	69 679	-	(30 513 942)	22 645 466
Fire Fighting Equipment	829 957	-	-	829 957	(189 715)	(74 810)	-	-	(264 525)	565 432
Fuel Power Equipment	132 168	72 635	(11 300)	193 503	(54 369)	(25 300)	10 406	-	(69 263)	124 241
General Vehicles	25 626 624	1 515 453	-	27 142 076	(9 961 002)	(2 469 238)	-	-	(12 430 240)	14 711 836
Motor Vehicles	6 325 083	-	(77 600)	6 247 483	(3 784 695)	(628 800)	59 274	-	(4 354 221)	1 893 262
Specialised Vehicles	806 248	-	-	806 248	(252 035)	(72 673)	-	-	(324 708)	481 540
Trucks / Bakkies	17 940 141	-	-	17 940 141	(11 535 997)	(1 534 989)	-	-	(13 070 985)	4 869 156
Lefatshe	4 177 059	-	-	4 177 059	-	-	-	-	-	4 177 059
Communication	207 161	-	-	207 161	(34 528)	(4 316)	-	-	(38 844)	168 318
Air Conditioners	2 789 005	82 516	(80 363)	2 791 158	(1 170 484)	(486 664)	42 398	-	(1 614 751)	1 176 407
Cabinets / Cupboards	2 885 515	-	(3 100)	2 882 415	(1 101 518)	(365 615)	1 345	-	(1 465 788)	1 416 627
Chairs	2 379 476	14 310	(77 868)	2 315 918	(909 538)	(295 355)	34 312	-	(1 170 581)	1 145 337
Compressors	262 226	-	-	262 226	(98 847)	(33 187)	-	-	(132 034)	130 192
Computer Equipment	7 339 217	324 321	(366 853)	7 296 685	(2 536 911)	(1 218 240)	184 697	-	(3 570 454)	3 726 231
Furniture and Other Office Equipment	2 164 941	45 475	(6 446)	2 203 970	(583 361)	(231 976)	2 309	-	(813 029)	1 390 941
General Equipment	12 885 676	282 646	(641 170)	12 527 151	(4 397 745)	(1 583 436)	283 447	-	(5 697 734)	6 829 417
Office Machines	82 464	-	-	82 464	(33 299)	(10 608)	-	-	(43 907)	38 557
Plant & Equipment	605 880	100 046	-	705 926	(127 392)	(88 225)	-	-	(215 617)	490 309
Radio Equipment	22 400	-	-	22 400	(7 673)	(2 883)	-	-	(10 557)	11 843
Sundry Furniture	554 423	-	(8 520)	545 903	(213 002)	(57 869)	3 532	-	(267 339)	278 564
Table / Desks	2 091 897	11 188	(44 274)	2 058 811	(857 731)	(256 978)	29 956	-	(1 084 753)	974 058
Work of Art	11 400	-	-	11 400	(3 532)	(1 027)	-	-	(4 560)	6 840
Fire Fighting Equipment	297 499	-	-	297 499	(107 798)	(31 555)	-	-	(139 353)	158 147
Office Equipment	343 879	-	(7 900)	335 979	(99 399)	(24 023)	2 442	-	(120 980)	214 999
	90 760 339	2 448 589	(1 325 394)	91 883 534	(38 060 572)	(9 497 767)	654 118	-	(46 904 221)	44 979 313
GRAND TOTAL	2 377 313 772	192 884 685	(8 895 227)	2 561 303 230	(666 453 755)	(93 232 047)	2 698 940	-	(756 986 862)	1 804 316 368

DAWID KRUIPER MUNICIPALITY

C: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30

	6 August 2016 - 30 June 2017 2017 Actual Income R	6 August 2016 - 30 June 2017 2017 Actual Expenditure R	6 August 2016 - 30 June 2017 2017 Surplus/ (Deficit) R
Executive & Council	4 011 460	31 645 280	(27 633 820)
Budget & Treasury	201 203 615	54 473 350	146 730 266
Corporate Services	5 526 847	56 054 438	(50 527 591)
Planning & Development	6 294 575	16 305 052	(10 010 477)
Health	-	(1 885 181)	1 885 181
Community & Social Services	1 655 690	8 804 406	(7 148 716)
Housing	772 214	2 558 510	(1 786 296)
Public Safety	10 778 823	23 767 685	(12 988 862)
Sport & Recreation	4 773 722	28 069 544	(23 295 822)
Waste Management	20 262 777	41 356 665	(21 093 889)
Waste Water Management	27 264 290	38 874 280	(11 609 990)
Road Transport	136 411	37 553 257	(37 416 846)
Water	47 662 064	54 803 682	(7 141 618)
Electricity	248 785 286	196 863 494	51 921 792
Other	286	1 697 045	(1 696 759)
TOTAL	579 128 060	590 941 506	(11 813 446)

DAWID KRUIPER MUNICIPALITY

APPENDIX D: ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE PERIOD ENDED 30 JUNE 2017

Description	6 August 2016 - 30 June 2017 Actual R	6 August 2016 - 30 June 2017 Budget R	6 August 2016 - 30 June 2017 Variance R	6 August 2016 - 30 June 2017 Variance %	Explanation of Significant Variances (Above or below 10%)
REVENUE					
Property rates	75 405 729	85 213 257	(9 807 528)	-12%	Reversal of provisions as at 5 August 2016
Service charges	337 358 824	376 361 976	(39 003 152)	-10%	Decrease in service consumptions due to economic environment
Rental of facilities and equipment	8 340 631	9 309 373	(968 742)	-10%	Reversal of provisions as at 5 August 2018
Interest earned - external investments	2 843 965	1 500 000	1 343 965	90%	Interest on unspent grants invested
Interest earned - outstanding receivables	2 984 790	3 500 000	(515 210)	-15%	Interest on unspent grants invested
Fines	4 459 029	636 020	3 823 009	601%	Fine income calculated in terms of GRAP while budgeted for actually paid
Actuarial Gain	4 010 960	-	-	100%	Gain based on Actuarial reports
Fair Value Adjustment on Investment Property	22 522 717	5 000 000	17 522 717	100%	Budgeted for fair value income and it was a decrease in value (Expense)
Licences and permits	1 571 017	1 584 037	(13 020)	-1%	Immaterial difference
Income for agency service	4 208 176	3 657 000	551 176	15%	Less budgeted due to reallocation of renewal services to SAPO
Income for housing agency service	650 000	650 000	-	0%	No difference
Government grants and subsidies - Operating	70 983 655	98 327 593	(27 343 938)	-28%	MTDG grant unspent at period end
Government grants and subsidies - Capital	35 364 310	45 499 725	(10 135 415)	-22%	Unspent capital projects
Other income	7 695 227	8 898 983	(1 203 756)	-14%	Decrease in other revenue due to economic environment
Total Revenue	578 399 030	640 137 964	(65 749 894)	-10%	
EXPENDITURE					
Employee related costs	221 901 921	246 934 188	25 032 267	10%	Cost containment let to savings
Remuneration of councillors	8 513 674	10 737 211	2 223 537	21%	Budgeted for higher increase on councillors' remuneration
Contributions to provisions - Bad debts	18 408 800	5 000 000	(13 408 800)	-268%	More debtors handed over for collection resulting in increase in debt impairment
Contributions to provisions - Other	15 149 819	12 500 000	(2 649 819)	-21%	Increase provisions
Actuarial Loss	-	1 000 000	1 000 000	-100%	Gain based on Actuarial reports
Depreciation and amortisation expense	93 536 682	90 719 401	(2 817 281)	-3%	Increase in capital acquisitions resulted in increase in depreciation
Impairment Loss	224 794	-	(224 794)	-100%	Impairment losses budgeted as part of repairs and maintenance
Other material	-	20 110 338	20 110 338	-100%	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Finance costs	11 838 334	13 721 407	1 883 073	14%	Restructuring of loan repayment let to decrease in interest paid
Bulk purchases	159 260 360	185 525 284	26 264 925	14%	Decrease in service consumptions due to economic environment
Contracted services	15 251 772	9 712 712	(5 539 060)	-57%	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Grants and subsidies paid	464 442	505 000	40 558	8%	Donations budgeted according expected needs not realised
General expenses	46 390 908	60 547 462	14 156 554	23%	Reallocation of repairs and maintenance disclosed according to expenditures' nature
Total Expenditure	590 941 506	657 013 003	66 071 497	10%	
Gain / (loss) on sale of assets	729 030	18 444 980	(17 715 950)	-96%	Sale of property did not realise
NET SURPLUS/(DEFICIT)	(11 813 446)	1 569 941	(17 394 347)	-1108%	

DAWID KRUIPER MUNICIPALITY

APPENDIX E: ACTUAL VERSUS BUDGET (ACQUISITION OF PPE, IP AND INTANGIBLE ASSETS) FOR THE PERIOD ENDED 30 JUNE 2017

	6 August 2016 - 30 June 2017	6 August 2016 - 30 June 2017 Approved Adjustment	6 August 2016 - 30 June 2017	6 August 2016 - 30 June 2017	
	Actual R	Budget R	Variance R	Variance %	Explanation of Significant Variances
Executive & Council	17 810 120	419 424	(17 390 696)	-4146.33%	Incomplete capital projects
Budget & Treasury	129 330	412 674	283 344	68.66%	Incomplete capital projects
Corporate Services	2 122 545	2 192 849	70 304	3.21%	Incomplete capital projects
Planning & Development	4 132	4 011	(121)	-3.03%	
Community & Social Services	16 482	727 152	710 670	97.73%	Incomplete capital projects
Public Safety	102 674	4 218 066	4 115 392	97.57%	Incomplete capital projects
Sport & Recreation	659 776	5 898 941	5 239 165	88.82%	Incomplete capital projects
Waste Management	63 962 635	5 967 064	(57 995 571)	-971.93%	Capitalisation of landfill sites not budgeted for
Waste Water Management	555 030	19 396 564	18 841 534	97.14%	Counter funding for RBIG project not realised
Road Transport	83 735 581	13 574 631	(70 160 950)	-516.85%	Capitalisation of quarries not budgeted for
Water	3 928 880	10 691 030	6 762 150	63.25%	Incomplete capital projects
Electricity	19 922 999	26 378 108	6 455 109	24.47%	Incomplete capital projects
GRAND TOTALS	192 950 185	89 880 514	(103 069 671)	-114.7%	

APPENDIX F
DAWID KRUIPER MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 6 August 2016	Adjustment to Carrying Value	Restated balance 6 August 2016	Contributions during the year	Withheld / Transferred	Written Off	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2017	Unspent 30 June 2017 (Creditor)	Unpaid 30 June 2017 (Debtor)
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R			R	R	R	R	R	R	R	R
FMG	(11 872)	-	(11 872)	3 635 000	-	-	(3 623 128)	-	-	-	-
MSIG	(0)	-	(0)	-	0	-	-	-	-	-	-
Libraries	361 333	-	361 333	3 138 000	(1 013 114)	-	(1 459 737)	(8 482)	1 018 000	1 018 000	-
MIG	(1 195 400)	(128 319)	(1 323 719)	27 177 000	-	-	(4 249 892)	(21 486 871)	116 519	116 519	-
Lotto	672 339	-	672 339	-	-	-	(79 607)	(592 374)	358	358	-
EPWP - Nasional	74 869	-	74 869	2 000 000	-	-	(213 465)	(1 772 994)	88 411	88 411	-
EPWP - Provincial	(662 079)	-	(662 079)	-	-	662 079	-	-	-	-	-
INEP	-	-	-	5 000 000	-	-	(604 476)	(4 395 524)	-	-	-
EEDSMG	-	-	-	7 000 000	-	-	(885 970)	(6 114 031)	-	-	-
DWA	4 344	-	4 344	-	-	-	-	-	4 344	4 344	-
COGHSTA	2 925 281	-	2 925 281	-	-	-	(139 165)	(994 035)	1 792 081	1 792 081	-
Homestay Projects	-	137 829	137 829	-	-	-	(122 214)	-	15 616	15 616	-
Bloodhound Project	3 639	-	3 639	-	-	-	-	-	3 639	3 639	-
Municipal Demarcation Transition Grant	5 372 000	-	5 372 000	8 057 000	-	-	(1 413 591)	-	12 015 409	12 015 409	-
Northern Cape Provincial Government	-	-	-	4 000 000	-	-	-	-	4 000 000	4 000 000	-
Directo Signs: Community Development	-	-	-	50 000	-	-	-	-	50 000	50 000	-
Khotso Pula Nala EPWP Grant	2 866 226	(2 866 226)	-	-	-	-	-	-	-	-	-
Upington Summer Festival & Carols by Candle Light	39 204	-	39 204	-	-	-	-	-	39 204	39 204	-
Total	10 449 883.79	(2 856 715)	7 593 169	60 057 000	(1 013 114)	662 079	(12 791 244)	(35 364 310)	19 143 580	19 143 580	-

APPENDIX G
DAWID KRUIPER MUNICIPALITY
STATEMENT OF REMUNERATION OF COUNCILLORS & SENIOR MANAGEMENT

30 June 2017

Incumbent	Fees for Rates	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Leave Gratuity	Total Remuneration
	R		R	R	R	R	R	R
Executive Mayor								
L A Koloï	1 198	3 764	585 031	-	7 697	103 852	-	696 580
Speaker								
M Segede	-	-	551 783	-	10 894	-	-	562 677
Executive Committee								
E Mnyaka	-	-	276 228	-	6 457	13 589	-	296 274
E Lebitsa	-	2 687	250 340	-	60 007	-	-	310 347
J Moya	-	-	276 228	-	6 457	13 589	-	296 274
M Eiman	-	-	256 031	-	19 587	30 286	-	305 903
M Andreas	-	-	289 817	-	6 457	-	-	296 274
S Masikani	-	942	288 657	-	5 764	-	-	294 420
Other Councillors								
M W Davids	-	-	219 687	-	6 389	-	-	226 076
F Olifant	-	4 022	219 687	-	20 301	-	-	239 988
M Pakade	249	5 682	190 479	-	18 802	12 984	-	222 266
A C C Morkel	-	-	219 687	-	20 301	-	-	239 988
S D Dubeni	-	-	219 687	-	6 389	-	-	226 076
B Kalote	-	-	195 690	-	20 301	23 997	-	239 988
F T van der Steen	5 347	33 751	221 010	-	20 530	-	-	241 540
J H Opperman	13 441	12 259	219 687	-	20 301	-	-	239 988
B L B Bosman	-	-	184 167	-	6 389	35 520	-	226 076
M Bosman	50	-	192 182	-	20 530	28 828	-	241 540
S Rooi	-	86	195 690	-	6 389	23 997	-	226 076
M Klaaste	-	-	195 690	-	20 301	23 997	-	239 988
K de Wee	-	-	191 537	-	20 530	28 730	-	240 797
M Plaatjies	-	-	192 182	-	20 530	28 828	-	241 540
D J Coetzee	-	-	219 687	-	20 301	-	-	239 988
I I S S Selborne	2 848	7 267	221 010	-	20 530	-	-	241 540
J C Esau	-	-	195 690	-	20 301	23 997	-	239 988
P S J Isaacs	3 847	29 220	182 896	-	20 301	36 791	-	239 988
S Sandlana	-	-	195 690	-	20 301	23 997	-	239 988
J Mei	-	942	219 687	-	20 301	-	-	239 988
B J Snyders	-	5 062	219 687	-	20 301	-	-	239 988
J Assegai	-	-	221 010	-	20 530	-	-	241 540
D Visagie	1 948	5 741	219 687	-	20 301	-	-	239 988
Total for Councillors	28 929	111 424	7 526 217	-	534 476	452 981	-	8 513 674

30 June 2017

Incumbent	Fees for Rates	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Leave Gratuity	Total Remuneration
	R		R	R	R	R	R	R
Municipal Manager (6 August 2016 - 17 May 2017) D E Ngxanga	14 890	30 282	1 028 973	216 605	371 277	-	-	1 616 855
Chief Financial Officer G M Schreiner	650	7 630	770 347	137 384	334 272	-	-	1 242 004
Director: Development Services G M Bovu	4 497	10 325	935 014	137 384	173 174	-	-	1 245 572
Director: Corporate Services C M Newman	8 745	11 838	755 208	137 384	348 856	-	-	1 241 449
Director: Development and Planning Services P J Viviers	-	-	880 875	137 384	225 537	-	-	1 243 796
Director: Electro-mechanical Services H A Auret	9 744	34 136	912 352	137 384	195 721	-	-	1 245 458
Director: Civil engineering Services (6 August 2016 - 17 May 2017) J E Kock	-	685	1 007 908	137 384	97 632	-	-	1 242 924
Acting Director: Civil engineering Services (18 May 2017 - 30 June 2017) H Christians	-	-	-	60 927	-	-	-	60 927
Total for Senior Managers	38 526	94 896	6 290 677	1 101 839	1 746 469	-	-	9 138 984

DAWID KRUIPER MUNICIPALITY

APPENDIX H

RATIO ANALYSIS

RATIO	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	MUNICIPAL COMMENTS (#)
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" R 000 "

1. FINANCIAL POSITION

A. Asset Management/Utilisation

1	Capital Expenditure to Total Expenditure	10% - 20%		6%	Only capital projects funded by Grant allocations are being conducted
			Total Operating Expenditure	590 941 506	
			Taxation Expense	-	
			Total Capital Expenditure	35 364 310	

2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	0%		0%	The implementation of a stricter Asset Management Plan resulted in assets being impaired.
			PPE, Investment Property and Intangible Impairment	-	
			PPE at carrying value	1 804 316 368	
			IP at carrying value	593 197 961	
			Intangible Assets at carrying value	3 745 809	

3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%		0%	This is due to the implementation of GRAP 17 with the higher DRC values
			Total Repairs and Maintenance Expenditure	8 877 510	
			PPE at carrying value	1 804 316 368	
			Investment Property at Carrying value	593 197 961	

B. Debtors Management

1	Collection Rate	95%		94%	
			Gross Debtors closing balance	109 698 813	
			Gross Debtors opening balance	85 026 189	
			Bad debts written Off	-	
			Billed Revenue	412 764 553	

2	Bad Debts Written-off as % of Provision for Bad Debt	100%		23%	
			Consumer Debtors Bad debts written off	8 673 292	
			Consumer Debtors Current bad debt Provision	38 078 504	

3	Net Debtors Days	30 days		63 days	Credit Control and Debt Collection Policy is not fully implemented
			Gross debtors	109 698 813	
			Bad debts Provision	38 078 504	
			Billed Revenue	412 764 553	

C. Liquidity Management

1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months		0 Month	Non-collection of outstanding debtors resulted in cash flow problems
			Cash and cash equivalents	43 754 318	
			Unspent Conditional Grants	19 143 580	
			Overdraft	-	
			Short Term Investments	-	
			Total Annual Operational Expenditure	590 941 506	

2	Current Ratio	1.5 - 2:1		0.70	Non-collection of outstanding debtors resulted in cash flow problems
			Current Assets	126 648 883	
			Current Liabilities	181 996 516	

D. Liability Management

1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%		6%	Decrease in total operating expenditure resulted in higher capital cost percentage.
			Interest Paid	11 838 334	
			Redemption	22 737 888	
			Total Operating Expenditure	590 941 506	
			Taxation Expense	-	

2	Debt (Total Borrowings) / Revenue	45%		19%	
			Total Debt	112 736 586	
			Total Operating Revenue	579 128 060	
			Operational Conditional Grants	-	

E. Sustainability

1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	100%		1%	Unspent Conditional Grants were not cash backed at the end of the financial year due to cash flow constrains
			Cash and cash Equivalents	43 754 318	
			Bank Overdraft	-	
			Short Term Investment	-	
			Long Term Investment	-	
			Unspent Grants	19 143 580	
			Net Assets	1 984 223 451	
			Share Premium	-	
			Share Capital	-	
			Revaluation Reserve	-	
			Fair Value Adjustment Reserve	-	
			Accumulated Surplus	-	

2. FINANCIAL PERFORMANCE

A. Efficiency

1	Net Operating Surplus Margin	= or > 0%		-9%	Total Operating Revenue excludes Capital Expenditure Transferred to Revenue. Implementation of GRAP 17 with higher DRC values resulted in depreciation in excess of R 80 million.
			Total Operating Revenue	543 763 750	
			Depreciation - Revalued Portion (Only populate if depreciation line item in the Statement of Financial Performance)	-	
			Total Operating Expenditure	590 941 506	
			Taxation Expense	-	

2	Net Surplus /Deficit Electricity	0% - 15%		21%	Electricity tariffs are approved by NERSA.
			Total Electricity Revenue	248 785 286	
			Total Electricity Expenditure	196 863 494	

3	Net Surplus /Deficit Water	= or > 0%		-15%	Water tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
			Total Water Revenue	47 662 064	
			Total Water Expenditure	54 803 682	

4	Net Surplus /Deficit Refuse	= or > 0%		-104%	Refuse tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
			Total Refuse Revenue	20 262 777	
			Total Refuse Expenditure	41 356 665	

5	Net Surplus /Deficit Sanitation and Waste Water	= or > 0%		17%	Sanitation tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
			Total Sanitation and Water Waste Revenue	27 264 290	
			Total Sanitation and Water Waste Expenditure	22 690 068	

B. Distribution Losses

1	Electricity Distribution Losses (Percentage)	7% - 10%		8%	
			Number of units purchased and/or generated	188 876 237	
			Number of units sold	172 884 941	
2	Water Distribution Losses (Percentage)	15% - 30%		29%	A project War against leaks were implemented to address these losses. A water masterplan is in the process of being compiled.
			Number of kilolitres purchased and/or purified	15 220 501	
			Number of kilolitres sold	10 778 658	

C. Revenue Management

1	Growth in Number of Active Consumer Accounts	None		#DIV/0!	- N/A newly established entity
			Number of Active Debtors Accounts (Previous)	-	
			Number of Active Debtors Accounts (Current)	-	
2	Revenue Growth (%)	= CPI		#DIV/0!	- N/A newly established entity
			CPI	0%	
			Total Revenue (Previous)	-	
			Total Revenue (Current)	-	
3	Revenue Growth (%) - Excluding capital grants	= CPI		#DIV/0!	- N/A newly established entity
			CPI	0%	
			Total Revenue Exl.Capital (Previous)	-	
			Total Revenue Exl.Capital (Current)	543 763 750	

D. Expenditure Management

1	Creditors Payment Period (Trade Creditors)	30 days		114 days	Unspent grants previously not cash backed resulted in own funds being utilised to fund these projects as well as the non-collection of debtors resulted in cash flow problems
			Trade Creditors	85 691 141	
			Contracted Services	15 251 772	
			Repairs and Maintenance	8 877 510	
			General expenses	46 390 908	
			Bulk Purchases	159 260 360	
			Capital Credit Purchases (<i>Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment</i>)	45 308 825	

2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	0%		0%	
			Irregular, Fruitless and Wasteful and Unauthorised Expenditure	-	
			Total Operating Expenditure	590 941 506	
			Taxation Expense	-	

3	Remuneration as % of Total Operating Expenditure	25% - 40%		39%	
			Employee/personnel related cost	221 901 921	
			Councillors Remuneration	8 513 674	
			Total Operating Expenditure	590 941 506	
			Taxation Expense	-	

4	Contracted Services % of Total Operating Expenditure	2% - 5%		3%	
			Contracted Services	15 251 772	
			Total Operating Expenditure	590 941 506	
			Taxation Expense	-	

E. Grant Dependency

1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	None		42%	
			Internally generated funds	19 178 229	
			Borrowings	-	
			Total Capital Expenditure	45 308 825	